

BERENS RIVER FIRST NATION

**Consolidated
Financial Statements
For the year ended March 31, 2015**

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BERENS RIVER FIRST NATION

Consolidated Financial Statements

For the year ended March 31, 2015

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of **BERENS RIVER FIRST NATION** and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of **BERENS RIVER FIRST NATION**. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. The financial statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

The First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The **BERENS RIVER FIRST NATION** Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

BDO Canada LLP, Chartered Accountants, as the First Nation's appointed external auditor, has audited the Consolidated Financial Statements. The Independent Auditor's Report is addressed to the Members and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian audit standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of operations of the First Nation in accordance with Canadian public sector accounting standards. BDO Canada LLP has full and free access to the Council.

Chief Jackie Everett





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Independent Auditor's Report

To the Members of BERENS RIVER FIRST NATION

We have audited the accompanying consolidated financial statements of **Berens River First Nation**, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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 qualified audit opinion on the results of operations and cash flows and our unmodified opinion on the financial position.

Basis for Qualified Opinion on Results of Operations and Cash Flows

Due to weaknesses in internal controls over the reporting of cash-based revenue and expenditures in the Berens River Gaming Commission and Community Bingo operations the financial statements of these organizations were not susceptible of satisfactory audit verification. Accordingly, we were unable to verify the revenues and expenses recorded by these organizations or determine whether adjustments might be necessary to their revenues and expenditures for the year.

Qualified Opinion on the Results of Operations and Cash Flows

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on Results of Operations and Cash Flows paragraph, the consolidated financial statements present fairly, in all material respects, the results of operations and its cash flows of **BERENS RIVER FIRST NATION** for the year ended March 31, 2015, in accordance with Canadian accounting standards for not-for-profit organizations.

Opinion on the Financial Position

In our opinion, the consolidated statement of financial position presents fairly, in all material respects, the financial position of **BERENS RIVER FIRST NATION** as at March 31, 2015 in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
September 1, 2015

BERENS RIVER FIRST NATION
Consolidated Statement of Financial Position

March 31	2015	2014
Financial Assets		
Cash and bank	\$ 15,735	\$ 424,623
Restricted cash (Note 2)	171,703	105,515
Accounts receivable (Note 3)	4,200,437	2,638,470
Investments (Note 4)	<u>1,394,428</u>	1,365,850
	<u>5,782,303</u>	4,534,458
Liabilities		
Bank indebtedness (Note 5)	298,832	960,813
Accounts payable and accrued liabilities (Note 6)	7,480,959	7,269,300
Unexpended funding (Note 7)	253,631	50,000
Long-term debts and demand loans (Note 8)	<u>6,494,409</u>	6,648,038
	<u>14,527,831</u>	14,928,151
Net debt	(8,745,528)	(10,393,693)
Non-Financial Assets		
Tangible capital assets (Note 9)	24,884,366	26,561,650
Inventories (Note 10)	147,729	63,460
Prepaid expenses	<u>22,550</u>	10,331
	<u>25,054,645</u>	26,635,441
Accumulated surplus (Note 13)	\$ 16,309,117	\$ 16,241,748
Contingent liabilities (Note 15)		
Commitment (Note 16)		

Approved by the First Nation:

 _____ Chief

 _____ Councillor

 _____ Councillor

 _____

BERENS RIVER FIRST NATION
Consolidated Statement of Operations

For the year ended March 31	2015	2014
	Budget	Actual
Revenue		
First Peoples Development Inc.	\$ 641,139	\$ 712,377
Health Canada	3,692,535	4,475,601
Aboriginal Affairs and Northern Development Canada (Note 11)	8,030,789	8,577,161
Canada Mortgage and Housing Corporation	559,116	355,257
Gaming revenue	-	543,133
Province of Manitoba	325,502	314,586
Rental income	988,740	256,246
Fuel, gravel, barge fees, and sundry	2,531,955	5,410,096
Equity earnings of subsidiary	-	1,013,428
	16,769,776	21,657,885
	18,630,662	
Expenses		
Band support and administration	2,174,172	2,286,678
Education local services	274,676	334,082
Elections	-	16,618
Social services and development	3,297,397	3,061,278
Community water and waste services	1,188,055	1,055,492
Band employee benefits	104,748	106,364
Arena	126,548	131,747
Indian registry	22,637	21,195
Student transportation	89,040	83,790
WNO consultations	69,450	18,395
Community Health Empowerment Support Services	141,930	761
Community contributions	102,000	272,475
Family violence	-	13,573
Community bingo	-	471,987
Nipi Marine Service Ltd.	164,450	145,873
Housing Authority	454,452	583,721
Log Inn	50,100	94,778
Gaming Commission	-	48,949
AHRDA Pathways	617,022	571,455
Mee-Mee-Wee-Seepi Development Corp.	2,753,241	5,437,721
Medical services	3,454,816	4,156,884
Capital programs	518,739	654,105
Education student services	1,807,452	2,039,213
	17,410,925	21,590,516
	18,025,083	
Annual surplus (deficit)	\$ (641,149)	67,369
Accumulated surplus, beginning of year		15,636,169
Accumulated surplus, end of year	\$ 16,309,117	\$ 16,241,748

BERENS RIVER FIRST NATION
Consolidated Statement of Changes in Net Debt

<u>For the year ended March 31</u>	<u>2015</u>	<u>2014</u>
	<u>Budget</u>	<u>Actual</u>
Annual surplus (deficit)	\$ (641,149)	\$ 67,369
Acquisition of tangible capital assets	-	(296,687)
Disposal of tangible capital assets	-	-
Amortization of tangible capital assets	<u>1,973,971</u>	<u>1,973,971</u>
	<u>1,332,822</u>	<u>1,744,653</u>
Prepaid expenses	-	(12,219)
Inventories	-	(84,269)
Decrease in net debt	<u>\$ 1,332,822</u>	<u>1,648,165</u>
Net debt, beginning of year		<u>(10,393,693)</u>
Net debt, end of year	<u>\$ (8,745,528)</u>	<u>\$ (10,393,693)</u>

BERENS RIVER FIRST NATION Consolidated Statement of Cash Flows

For the year ended March 31	2015	2014
Cash Flows from Operating Activities		
Annual surplus	\$ 67,369	\$ 605,579
Adjustment for non-cash items:		
Amortization of tangible capital assets	1,973,971	2,007,011
Equity earnings of subsidiary	(1,013,428)	(1,232,882)
Loss on disposal of assets	-	68,972
	<u>1,027,912</u>	1,448,680
Changes in non-cash working capital balances:		
Accounts receivable	(1,561,967)	1,977,798
Inventories	(84,269)	48,589
Prepaid expenses	(12,219)	-
Accounts payable	211,659	(2,899,124)
Unexpended revenue	203,631	-
	<u>(215,253)</u>	<u>575,943</u>
Cash Flows from Capital Activities		
Purchase and construction of capital assets	(296,687)	(450,242)
Proceeds on sale of capital assets	-	43,028
	<u>(296,687)</u>	<u>(407,214)</u>
Cash Flows from Investing Activities		
Dividends	950,000	400,000
Proceeds of investments	34,850	(24,806)
	<u>984,850</u>	<u>375,194</u>
Cash Flows from Financing Activities		
Proceeds of long-term debt	1,340,896	420,768
Repayment of long-term debt	(1,494,525)	(1,114,720)
	<u>(153,629)</u>	<u>(693,952)</u>
Increase (decrease) in cash and cash equivalents	319,281	(150,029)
Bank indebtedness, beginning of year	(430,675)	(280,646)
Bank indebtedness, end of year	\$ (111,394)	\$ (430,675)
Represented by		
Cash and bank	\$ 15,735	\$ 424,623
Restricted cash	171,703	105,515
Bank indebtedness	(298,832)	(960,813)
	<u>\$ (111,394)</u>	<u>\$ (430,675)</u>

Supplementary Cash Flow Information (Note 19)

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

1. Nature of Entity and Summary of Significant Accounting Policies

Nature of Entity

The First Nation is a non-profit, non-taxable entity and is engaged in the social, cultural and economic development of First Nation citizens of Berens River First Nation.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting in accordance with Canadian Public Sector Accounting Standards. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

The Berens River First Nation reporting entity includes the Berens River First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by Berens River First Nation.

These financial statements consolidate the assets, liabilities and results of operations for Berens River First Nation and use accounting principles which lend themselves to consolidation. All inter-entity balances have been eliminated on consolidation.

The following entities' results of operations are included in these financial statements:

Subsidiaries

Mee-Mee-Wee-Seepi Development Corporation	100% owned
Nipi Marine Service Ltd.	100% owned
Berens River Housing Authority Inc.	100% owned
Berens River Log Inn Inc.	100% owned

Unincorporated Departments

Berens River Community Bingo
Berens River Gaming Commission

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Investments

These financial statements have been prepared using the modified equity method of consolidation for profit-oriented subsidiaries. The investment in the acquired companies is initially recorded at their cost. The results of operations of the acquired companies are included in the investment from the dates of acquisition. Under this method, government business enterprises' accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

The following subsidiary's results of operations are included in these financial statements under the modified equity method:

Pigeon River Contractors Ltd.	100% owned
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The investment in the loan to the Shawano Wapunong Building Inc. is recorded at cost.

Revenue Recognition

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

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Financial Instruments

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

Inventory

Raw materials and supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in first-out basis.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Replacement Reserves

The reserves are required by agreements with funders for the replacement of capital assets. This balance consists of a net accumulation of the levy on operations and expenditures paid for by the reserve since inception.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization based on the estimated useful life of the asset is recorded once the asset is available for productive use as follows:

Infrastructure	20 - 50 years straight-line basis
Buildings	20 - 40 years straight-line basis
Equipment	10 - 20 years straight-line basis
Automotive	10 years straight-line basis

Pension Plans

The First Nation also maintains defined contribution pension plans for its personnel. Expenses for this plan is equal to the First Nation's required contribution for the year.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Measurement uncertainty exists specifically in the determination of accounts receivable, useful life of capital assets and unexpended funding.

Restricted Cash

Restricted cash balances represent assets segregated for use for replacement reserves with CMHC and FNIHB operating agreements. Restricted cash also includes trust funds held by AANDC.

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2015

1. Nature of Entity and Summary of Significant Accounting Policies (continued)

Liability for Contaminated Sites

Liabilities for remediation of a contaminated site are 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. At each financial reporting date, the First Nation reviews the carrying amount of any liability. Effective April 1, 2014, the First Nation adopted the recommendation relating to PS 3260, Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively and prior periods have not been restated.

Upon adoption of the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up. There was no effect on the consolidated financial statements of adopting this accounting policy.

2. Restricted Cash

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$61,580 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation (CDIC) or as may otherwise be approved by CDIC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal. The restricted cash is comprised of the following:

	2015	2014
<u>Externally Restricted Reserves:</u>		
CMHC Replacement Reserve	\$ 97,490	\$ 35,906
AANDC Trust	<u>74,213</u>	<u>69,609</u>
	<hr/>	<hr/>
	\$ 171,703	\$ 105,515

AANDC Funds Held in Trust

The restricted cash balance contains the surplus of monies held in trust for Berens River First Nation by the Department of Aboriginal Affairs and Northern Development Canada. The change in the trust balance during the year was as follows:

	2015	2014
Trust balance, beginning of year	\$ 69,609	\$ 68,684
Interest fees earned	<u>4,604</u>	<u>925</u>
Trust balance, end of year	<hr/> \$ 74,213	<hr/> \$ 69,609

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2015

3. Accounts Receivable

	2015	2014
Trade	\$ 543,187	\$ 317,037
Due from Pigeon River Contractors Ltd.	<u>2,256,584</u>	666,242
Allowance for doubtful accounts	(6,508)	(6,508)
Member receivables	<u>12,515</u>	2,100
	<hr/>	<hr/>
	2,805,778	978,871
Aboriginal Affairs and Northern Development Canada		
Received subsequent to year end	880,112	307,828
Receivable outstanding	<u>220,264</u>	1,122,186
Health Canada - FNIHB	232,790	40,463
CMHC	22,367	22,843
GST	39,126	68,138
Province of Manitoba	-	98,141
	<hr/>	<hr/>
	1,394,659	1,659,599
	<hr/>	<hr/>
	\$ 4,200,437	\$ 2,638,470

4. Investments

The investment balance reported represents the following holdings:

	2015	2014
Shawano Wapunong Building Inc. loan at cost	\$ 11,478	\$ 46,328
Pigeon River Contractors Ltd., at modified equity	<u>1,382,950</u>	1,319,522
	<hr/>	<hr/>
	\$ 1,394,428	\$ 1,365,850

The investment in Shawano Wapunong Building Inc. represents a loan receivable, and accrues interest at 10% per annum. There are no set terms of repayment.

Summarized financial information for Pigeon River Contractors Ltd.:

	2015	2014
Current assets	\$ 5,970,037	\$ 4,342,561
Long-term assets	<u>2,463,858</u>	-
	<hr/>	<hr/>
Total assets	\$ 8,433,895	\$ 4,342,561
Current liabilities	\$ 7,050,945	\$ 3,023,039
Equity	<u>1,382,950</u>	1,319,522
	<hr/>	<hr/>
Total equity and liabilities	\$ 8,433,895	\$ 4,342,561

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

4. Investments (continued)

	2015	2014
Revenues	\$ 11,227,192	\$ 8,780,842
Expenses	<u>9,999,111</u>	<u>7,547,960</u>
Net income	\$ 1,228,081	\$ 1,232,882

The following transactions occurred between Pigeon River Contractors Ltd. and the First Nation. These transactions are measured at the amount of consideration established and agreed to by the related parties.

- Pigeon River Contractors Ltd. paid \$2,002,284 (2014 - \$1,297,807) to the First Nation for rock crushing and brush clearing.
- Pigeon River Contractors Ltd. paid \$- (2014 - \$39,584) in training costs to the First Nation.
- As at year end \$2,256,584 (2014 - \$666,242) was due from Pigeon River Contractors Ltd. and included in accounts receivable.

5. Bank Indebtedness

Included in bank indebtedness is a credit facility with an interest rate of prime plus 3.25% (effective rate 6.10%) and a limit of \$400,000. \$332,310 (\$858,941 in 2014) of this credit facility was owing at year-end.

6. Accounts Payable and Accrued Liabilities

	2015	2014
Trade	\$ 4,772,861	\$ 2,522,998
Accrued Liabilities	509,286	1,133,597
Canada Revenue Agency	52,392	991,903
Current Portion of Frontier School Division Payable	<u>570,648</u>	<u>570,548</u>
Total Current Accounts Payable	5,905,187	5,219,046
Long-term Portion of Frontier School Division Payable	1,575,772	2,050,254
Total Accounts Payable	\$ 7,480,959	\$ 7,269,300

During the prior year, the First Nation entered into an agreement with Frontier School Division to settle outstanding debt. The First Nation committed to 72 monthly principal and interest payments of \$47,554, commencing May 1, 2013, at an interest rate of prime plus 1% (effective rate 3.85%).

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

7. Unexpended Funding

This balance represents unspent program funds provided to Berens River First Nation by the Department of Aboriginal Affairs and Northern Development Canada and the Government of Canada (AANDC).

	AANDC	2015	2014
Deferred revenue - opening	\$ 50,000	\$ 50,000	\$ 50,000
Add: Current year monies unspent	203,631	203,631	-
Less: Previous year revenue recognized	-	-	-
	\$ 253,631	\$ 253,631	\$ 50,000

The balance of deferred revenue consists of the following:

Aboriginal Affairs and Northern Development Canada		
2006 School Study	\$ 50,000	
2015 Basic Needs	199,665	
2015 Special Needs	3,966	
	\$ 253,631	

8. Long-term Debts and Demand Loans

	2015	2014
Mortgage payable at 2.56%, due December 1, 2015, repayable in monthly installments of \$2,260 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	\$ 351,550	\$ 369,468
Mortgage payable at 1.39%, due June 1, 2020, repayable in monthly installments of \$3,321 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	549,247	420,768
Mortgage payable at 1.82%, due September 1, 2019, repayable in monthly installments of \$4,691 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	490,896	-
Mortgage payable at 3.17%, due March 1, 2017, repayable in monthly installments of \$3,157 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance.	227,442	257,614
Carried forward	1,619,135	1,047,850

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2015

8. Long-term Debts and Demand Loans (continued)

	2015	2014
Brought forward	1,619,135	1,047,850
Mortgage payable at 2.02%, due August 1, 2018, repayable in monthly installments of \$5,456 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance.	321,003	379,374
Demand mortgage payable at 3.83%, due September 1, 2014, repayable in monthly installments of \$5,178 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance.	-	535,459
Mortgage payable at 1.65%, due June 1, 2017, repayable in monthly installments of \$4,914 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	653,863	701,655
Mortgage payable at 1.64%, due February 1, 2017, repayable in monthly installments of \$2,969 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	526,203	552,992
Mortgage payable at 2.78%, due August 1, 2015, repayable in monthly installments of \$2,734 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	508,171	526,648
Mortgage payable at 2.78%, due June 1, 2018, repayable in monthly installments of \$2,734 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	295,099	308,825
Mortgage payable at 2.11%, due January 1, 2019, repayable in monthly installments of \$3,584 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	665,949	694,633
Carried forward	4,589,423	4,747,436

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2015

8. Long-term Debts and Demand Loans (continued)

	2015	2014
Brought forward	4,589,423	4,747,436
Mortgage payable at 1.69%, due February 1, 2018, repayable in monthly installments of \$3,300 principal and interest, secured by an AANDC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	752,150	778,838
First Nation Bank term facility at prime plus 2.15% (effective rate 5.15%), due May 1, 2015, repayable in monthly principal installments of \$3,857 and \$300,000 yearly principal payments on April 1, secured by a general security agreement with first charge on all the First Nation's assets.	21,161	575,092
First Nation Bank term facility at prime plus 3.50% (effective rate 6.35%), due May 1, 2019, repayable in monthly interest payments and \$170,000 yearly principal payments on May 1, secured by a general security agreement with first charge on all the First Nation's assets.	850,000	-
First Nation Bank term facility at prime plus 3.25% (effective rate 6.25%), due March 1, 2016, repayable in monthly principal payments of \$5,417, secured by a general security agreement with first charge on all the First Nation's assets.	65,008	130,004
First Nation Bank term facility at prime plus 3.25% (effective rate 6.25%), due May 1, 2017, repayable in monthly principal payments of \$8,333, secured by a general security agreement with first charge on all the First Nation's assets.	216,667	316,667
RBC term loan at prime plus 2.00% (effective rate 5.00%), due March 24, 2015, repayable in monthly principal payments of \$8,333 plus interest.	-	100,001
	\$ 6,494,409	\$ 6,648,038

The future minimum payments for the next five years and thereafter are:

2016	\$ 718,862
2017	794,995
2018	522,192
2019	511,899
2020	518,398
Thereafter	<u>3,428,063</u>
	\$ 6,494,409

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2015

9. Tangible Capital Assets

	2015				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 7,926,473	\$ 52,447,711	\$ 4,866,922	\$ 2,543,157	\$ 67,784,263
Additions	-	278,687	6,000	12,000	296,687
Cost, end of year	<u>7,926,473</u>	<u>52,726,398</u>	<u>4,872,922</u>	<u>2,555,157</u>	<u>68,080,950</u>
Accumulated amount, beginning of year	(4,692,741)	(31,338,677)	(3,555,789)	(1,635,406)	(41,222,613)
Amortization	(168,735)	(1,510,297)	(214,822)	(80,117)	(1,973,971)
Accumulated amount, end of year	<u>(4,861,476)</u>	<u>(32,848,974)</u>	<u>(3,770,611)</u>	<u>(1,715,523)</u>	<u>(43,196,584)</u>
Net carrying amount, end of year	<u>\$ 3,064,997</u>	<u>\$ 19,877,424</u>	<u>\$ 1,102,311</u>	<u>\$ 839,634</u>	<u>\$ 24,884,366</u>
	2014				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 7,926,473	\$ 52,153,888	\$ 4,874,003	\$ 2,539,657	\$ 67,494,021
Additions	-	293,823	152,919	3,500	450,242
Disposals	-	-	(160,000)	-	(160,000)
Cost, end of year	<u>7,926,473</u>	<u>52,447,711</u>	<u>4,866,922</u>	<u>2,543,157</u>	<u>67,784,263</u>
Accumulated amount, beginning of year	(4,524,006)	(29,802,891)	(3,404,567)	(1,532,138)	(39,263,602)
Amortization	(168,735)	(1,535,786)	(199,222)	(103,268)	(2,007,011)
Adjustments	-	-	48,000	-	48,000
Accumulated amount, end of year	<u>(4,692,741)</u>	<u>(31,338,677)</u>	<u>(3,555,789)</u>	<u>(1,635,406)</u>	<u>(41,222,613)</u>
Net carrying amount, end of year	<u>\$ 3,233,732</u>	<u>\$ 21,109,034</u>	<u>\$ 1,311,133</u>	<u>\$ 907,751</u>	<u>\$ 26,561,650</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

10. Inventories

	2015	2014
Materials and supplies	\$ 1,440	\$ 2,068
Fuel	<u>146,289</u>	<u>61,392</u>
	<u>\$ 147,729</u>	<u>\$ 63,460</u>

11. Aboriginal Affairs and Northern Development Canada (AANDC) Revenue Reconciliation

	2015	2014
AANDC cash release confirmation	\$ 8,831,760	\$ 8,538,503
Less: Prior Year Clawback - Social Basic Needs	-	(168,007)
Less: Prior Year Social Shortfall Funded in Current Year	<u>(39,679)</u>	-
Less: 2013 Clawback - Skills Link and Summer	-	-
Work Experience	-	(25,945)
Less: Prior Years Clawback - Education (i) below	<u>(113,602)</u>	<u>(560,281)</u>
Less: Current Year Deferred Revenue	<u>(203,631)</u>	-
Plus: Education funding adjustment	<u>102,313</u>	-
Plus: 2014 Social funding adjustment	-	39,679
 Total AANDC revenue reported	 <u>\$ 8,577,161</u>	 <u>\$ 7,823,949</u>

(i) During the prior year, AANDC reconciled all the amounts owing to the First Nation for prior year education amounts and the First Nation entered into an agreement with Frontier School Division to have all tuition and student transportation costs paid directly by AANDC. As a result of such agreements, education funding that was previously recorded as due from AANDC in the fiscal years ending March 31, 2010 to current was reversed as it was determined to be no longer receivable by the First Nation. In addition, in the prior year due to the agreement with Frontier, some of the amounts removed from the First Nation's records became directly payable to Frontier for previous year costs as the First Nation had not been previously reimbursed for those costs.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

12. Replacement Reserves

	CMHC	FNIHB MAR	2015	2014
Balance, beginning of year	\$ 518,343	\$ 123,305	\$ 641,648	\$ 565,698
Allocations	61,580	27,811	89,391	88,581
Expenses	-	(5,441)	(5,441)	(5,214)
Adjustments	6,850	-	6,850	(7,417)
 Balance, end of year	 \$ 586,773	 \$ 145,675	 \$ 732,448	 \$ 641,648

The replacement reserve balance consists of a net accumulation of the levy on operations, recoveries collected and expenditures paid for by the reserve since inception in accordance with the agreement with Canada Mortgage and Housing Corporation. The First Nation plans to fund the replacement reserve by making monthly deposits of \$5,132 into the replacement reserve bank account.

13. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2015	2014
Investment in tangible capital assets	\$ 18,389,957	\$ 19,913,612
Current Funds (deficit)	(2,813,288)	(4,313,512)
Reserve Funds		
CMHC	586,773	518,343
MAR	145,675	123,305
 \$ 16,309,117	 \$ 16,241,748	

14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$51,008 (\$63,872 in 2014). The plan is funded equally by the organization and the First Nation's employees at rates of 3.0% to 5.5% of the employee's salary. The funds are invested in mutual funds as directed by the First Nation's individual employees' investment directives.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

15. Contingent Liabilities

The First Nation is contingently liable for \$824,182 in unapproved social services expenditures owing back to Aboriginal Affairs and Northern Development Canada. These expenditures arose in the ordinary course of operations in the 1990's. In the opinion of management, the outcome of the reconciliations, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

The First Nation is contingently liable for \$645,000 in rehabilitation costs related to its landfill. The First Nation is funded annually for O&M costs for the operation of the landfill. If grants are not received for these costs, the First Nation will be required to fund the landfill rehabilitation from its operating funds.

Berens River First Nation holds two quarry leases in relation to the work performed by Pigeon River Contractors Ltd. As the leases are in the name of the First Nation, they are liable for any rehabilitation costs related to these sites. Rehabilitation fees are paid to the Province of Manitoba for these costs when material is removed from the quarry. These fees are placed in a trust account and are to be used in the future to rehabilitate the sites upon closure. There is the potential that additional monies would be required to rehabilitate the quarries but we are unable to determine the additional costs, if any, that may be required. As a result, no payables related to these costs have been recorded in the First Nation's records.

The First Nation, in the course of its operations, is subject to lawsuits. As a policy, management will accrue for losses in instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. At present, management has no reason to believe that there are any lawsuits outstanding, the resolution of which, may have a significant impact on the First Nation's financial position.

16. Commitment

The First Nation operates its Education sub-office under leased premises. Contractual obligations in respect of the lease for the premises require the monthly payment of a basic rent charge and an additional rent charge for estimated operational costs. The operational costs are estimated by the lessor each year and are expected to vary from year to year. The following are the minimum basic rent charges for the next three years:

2016	\$	43,582
2017	\$	43,810
2018	\$	9,127

17. Comparative Figures

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2015

18. Budget

The Management Action Plan (Budget) adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the Financial Plan adopted by Council with adjustments as follows:

Management Action Plan (Budget) surplus for the year	\$ 1,586,540
Less: Internally generated expenses not eliminated in budget	(253,718)
Less: Amortization of tangible capital assets	<u>(1,973,971)</u>
 Budget surplus per statement of operations	 <u>\$ (641,149)</u>

19. Supplementary Cash Flow Information

The total interest paid on cash basis for the year was \$380,425 (\$367,566 in 2014). The difference between the cash flow and the related amount recognized in the statement of operations of \$31,787 (\$48,401 in 2014) is due to the inclusion of bank charges and changes to interest accrued on overdue vendor payables in the total amount recognized.

20. Expense by Object

The following is a summary of expenses by object.

	2015	2014
Amortization	\$ 2,007,011	\$ 2,007,011
Interest	412,212	319,164
Professional services	387,124	233,624
Other	12,255,402	9,326,173
Rental expenditures	126,874	144,129
Salaries and benefits	5,019,274	4,952,166
Staff development	8,218	8,218
Supplies and services	<u>1,374,401</u>	<u>1,034,598</u>
 	 <u>\$ 21,590,516</u>	 <u>\$ 18,025,083</u>

BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

For the year ended March 31, 2015

21. Segmented Information

The First Nation is a diversified community that provides a wide range of services to its members. For management reporting purposes the Berens River First Nation's operations and activities are organized and reported by Program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

The services are provided by the several entities of Berens River First Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Public Works

Public Works contains all activities that relate to the maintenance of buildings and land of the First Nation.

Social Development

Social Development contains activities that provide financial support or support by other means to band members that is aimed at developing both the individual as well as the community.

Finance & Administration

Finance & Administration contains activities that are needed to run the Berens River Band organization.

Health Services

Health Services contains activities that provide medical services to band members.

Education

Education Services contains activities that provide education to band members for primary, secondary schooling and sponsorship to attend post secondary institutions.

Training & Development

Training & Development contains activities that provide financial support or support by other means to band members and organizations situated on the First Nation reserve that is aimed at developing personal skills and businesses.

Housing

Housing contains activities that provide housing and repairs and maintenance to band members' housing.

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2015

21. Segmented Information (continued)

Gaming

Gaming contains activities that provide gaming services to both band members and non-band members.

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2015

21. Segmented Information (continued)

	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2015 Total
Revenue										
Federal	\$ 1,743,853	\$ 3,251,659	\$ 748,145	\$ 4,475,601	\$ 2,194,100	\$ 443,937	\$ 550,724	\$ -	\$ -	\$ 13,408,019
Sundry	5,206,787	3,625	634,170	149,696	86,980	793,897	479,555	543,133	(661,405)	7,236,438
Equity earnings	-	-	1,013,428	-	-	-	-	-	-	1,013,428
Total revenue	6,950,640	3,255,284	2,395,743	4,625,297	2,281,080	1,237,834	1,030,279	543,133	(661,405)	21,657,885
Expenses	5,234,210	3,091,707	2,213,806	1,819,593	2,317,362	786,598	818,194	487,595	(661,405)	16,107,660
Salaries	1,621,348	195,546	678,355	2,355,291	139,723	343,286	66,728	82,579	-	5,482,856
Total expenses	6,855,558	3,287,253	2,892,161	4,174,884	2,457,085	1,129,884	884,922	570,174	(661,405)	21,590,516
Annual surplus (deficit)	\$ 95,082	\$ (31,969)	\$ (496,418)	\$ 450,413	\$ (176,005)	\$ 107,950	\$ 145,357	\$ (27,041)	\$ -	\$ 67,369
	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2014 Total
Revenue										
Federal	\$ 1,983,802	\$ 3,214,304	\$ 1,154,120	\$ 3,682,411	\$ 1,465,634	\$ 6,088	\$ 279,683	\$ -	\$ -	\$ 11,786,042
Sundry	3,695,517	197,140	391,752	152,212	73,344	802,043	352,773	566,468	(619,511)	5,611,738
Equity earnings	-	-	1,232,882	-	-	-	-	-	-	1,232,882
Total revenue	5,679,319	3,411,444	2,778,754	3,834,623	1,538,978	808,131	632,456	566,468	(619,511)	18,630,662
Expenses	4,202,051	3,122,047	1,499,703	996,751	1,933,141	64,132	609,657	493,566	(619,511)	12,301,537
Salaries	1,193,236	359,755	991,567	2,310,891	136,052	621,453	25,000	85,592	-	5,723,546
Total expenses	5,395,287	3,481,802	2,491,270	3,307,642	2,069,193	685,585	634,657	579,158	(619,511)	18,025,083
Annual surplus (deficit)	\$ 284,032	\$ (70,358)	\$ 287,484	\$ 526,981	\$ (530,215)	\$ 122,546	\$ (2,201)	\$ (12,690)	\$ -	\$ 605,579