

BERENS RIVER FIRST NATION

**Consolidated
Financial Statements
For the year ended March 31, 2016**

BERENS RIVER FIRST NATION

Consolidated Financial Statements For the year ended March 31, 2016

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8

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 Professional 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 Hartley Everett



Tel: 204 956 7200
Fax: 204 926 7201
Toll-Free: 800 268 3337
www.bdo.ca

BDO Canada LLP/s.r.l./S.E.N.C.R.L.
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

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, 2016 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, 2016, 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, 2016 in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
September 29, 2016

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO Canada s.r.l./S.E.N.C.R.L., une société canadienne à responsabilité limitée/société en nom collectif à responsabilité limitée, est membre de BDO International Limited, société de droit anglais, et fait partie du réseau international de sociétés membres indépendantes BDO.

BERENS RIVER FIRST NATION
Consolidated Statement of Financial Position

March 31	2016	2015
Financial Assets		
Cash and bank	\$ 36,278	\$ 15,735
Restricted cash (Note 2)	231,487	171,703
Accounts receivable (Note 3)	3,360,004	4,200,437
Investments (Note 4)	<u>2,278,658</u>	1,394,428
	<u>5,906,427</u>	<u>5,782,303</u>
Liabilities		
Bank indebtedness (Note 5)	482,530	298,832
Accounts payable and accrued liabilities (Note 6)	5,772,657	7,480,959
Unexpended funding (Note 7)	196,003	253,631
Long-term debts and demand loans (Note 8)	<u>6,940,192</u>	6,494,409
	<u>13,391,382</u>	<u>14,527,831</u>
Net debt	<u>(7,484,955)</u>	<u>(8,745,528)</u>
Non-Financial Assets		
Tangible capital assets (Note 9)	23,906,204	24,884,366
Inventories (Note 10)	125,038	147,729
Prepaid expenses	<u>16,629</u>	22,550
	<u>24,047,871</u>	<u>25,054,645</u>
Accumulated surplus (Note 13)	<u>\$ 16,562,916</u>	<u>\$ 16,309,117</u>
Contingent liabilities (Note 15)		
Commitment (Note 16)		

Approved by the First Nation:

Hevertt Chief

George G. Councillor

Steve Brown Councillor

John Councillor

Councillor

BERENS RIVER FIRST NATION Consolidated Statement of Operations

For the year ended March 31	2016	2015
	Budget	Actual
Revenue		
First Peoples Development Inc.	\$ 712,377	\$ 680,156
Health Canada	-	3,865,006
Aboriginal Affairs and Northern Development Canada (Note 11)	6,778,783	8,176,942
Canada Mortgage and Housing Corporation	268,403	520,190
Gaming revenue	-	460,612
Province of Manitoba	245,000	256,676
Rental income	282,000	253,111
Fuel, gravel, barge fees, and sundry	1,314,227	6,457,051
Equity earnings of subsidiary	73,310	883,656
	9,674,100	21,553,400
	21,657,885	
Expenses		
Mee-Mee-Wee-Seepi Development Corp.	-	4,483,381
Medical services	-	3,753,325
Social services and development	3,099,046	2,972,239
Band support and administration	2,122,162	2,186,684
Education student services	1,897,599	1,693,240
Capital programs	-	1,677,464
Community water and waste services	872,752	965,111
Housing Authority	140,676	687,500
AHRDA Pathways	488,676	596,388
Community bingo	-	385,509
Education local services	288,829	631,486
Nipi Marine Service Ltd.	181,950	246,593
Arena	230,360	217,125
Community contributions	122,000	208,375
Log Inn	97,500	123,285
Band employee benefits	-	117,129
Student transportation	89,040	89,344
Gaming Commission	-	45,488
Emergency hydro	43,900	88,000
Financial management	35,000	35,000
Emergency Fuel	30,000	30,000
Indian registry	29,767	24,499
WNO consultations	-	23,598
Elections	25,000	14,420
Family violence	13,800	2,298
Community Health Empowerment		
Support Services	-	2,120
	9,808,057	21,299,601
	21,590,516	
Annual surplus (deficit)	\$ (133,957)	253,799
Accumulated surplus, beginning of year		67,369
Accumulated surplus, end of year	\$ 16,562,916	\$ 16,309,117

BERENS RIVER FIRST NATION
Consolidated Statement of Changes in Net Debt

For the year ended March 31	2016	2015
	Budget	Actual
Annual surplus (deficit)	\$ (133,957)	\$ 253,799
Acquisition of tangible capital assets	-	(986,579)
Amortization of tangible capital assets	<u>(1,964,741)</u>	1,964,741
	(2,098,698)	1,231,961
Prepaid expenses	-	5,921
Inventories	<u>-</u>	<u>22,691</u>
Decrease in net debt	<u>\$ (2,098,698)</u>	1,260,573
Net debt, beginning of year		<u>(8,745,528)</u>
Net debt, end of year	<u>\$ (7,484,955)</u>	\$ (8,745,528)

BERENS RIVER FIRST NATION
Consolidated Statement of Cash Flows

For the year ended March 31	2016	2015
Cash Flows from Operating Activities		
Annual surplus	\$ 253,799	\$ 67,369
Adjustment for non-cash items:		
Amortization of tangible capital assets	1,964,741	1,973,971
Equity earnings of subsidiary	<u>(883,656)</u>	<u>(1,013,428)</u>
	1,334,884	1,027,912
Changes in non-cash working capital balances:		
Accounts receivable	840,433	(1,561,967)
Inventories	22,691	(84,269)
Prepaid expenses	5,921	(12,219)
Accounts payable	<u>(1,708,302)</u>	<u>211,659</u>
Unexpended revenue	<u>(57,628)</u>	<u>203,631</u>
	437,999	(215,253)
Cash Flows from Capital Activities		
Purchase and construction of capital assets	<u>(986,579)</u>	<u>(296,687)</u>
Cash Flows from Investing Activities		
Dividends	-	950,000
Proceeds of investments	<u>(574)</u>	<u>34,850</u>
	(574)	984,850
Cash Flows from Financing Activities		
Proceeds of long-term debt	1,135,678	1,340,896
Repayment of long-term debt	<u>(689,895)</u>	<u>(1,494,525)</u>
	445,783	(153,629)
Increase (decrease) in cash and cash equivalents	(103,371)	319,281
Bank indebtedness, beginning of year	(111,394)	(430,675)
Bank indebtedness, end of year	\$ (214,765)	\$ (111,394)
Represented by		
Cash and bank	\$ 36,278	\$ 15,735
Restricted cash	231,487	171,703
Bank indebtedness	<u>(482,530)</u>	<u>(298,832)</u>
	\$ (214,765)	\$ (111,394)

Supplementary Cash Flow Information (Note 19)

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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

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

The investment in the loan to the Shawano Wapunong Building Inc. is recorded at cost.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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

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.

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.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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

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.

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.

2. Restricted Cash

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$65,580 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:

	2016	2015
<u>Externally Restricted Reserves:</u>		
CMHC Replacement Reserve	\$ 153,540	\$ 97,490
AANDC Trust	<u>77,947</u>	<u>74,213</u>
	\$ 231,487	\$ 171,703

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

2. Restricted Cash (continued)

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:

	2016	2015
Trust balance, beginning of year	\$ 74,213	\$ 69,609
Interest fees earned	<u>3,734</u>	<u>4,604</u>
Trust balance, end of year	<u>\$ 77,947</u>	<u>\$ 74,213</u>

3. Accounts Receivable

	2016	2015
Trade		
Due from Pigeon River Contractors Ltd.	\$ 855,040	\$ 543,187
Allowance for doubtful accounts	<u>1,980,841</u>	<u>2,256,584</u>
Member receivables	<u>(6,508)</u>	<u>(6,508)</u>
	<u>(47)</u>	<u>12,515</u>
	<u>2,829,326</u>	<u>2,805,778</u>
Aboriginal Affairs and Northern Development Canada		
Received subsequent to year end	-	880,112
Receivable outstanding	467,220	220,264
Health Canada - FNIHB	26,930	232,790
CMHC	45,758	22,367
GST	(9,230)	39,126
	<u>530,678</u>	<u>1,394,659</u>
	<u>\$ 3,360,004</u>	<u>\$ 4,200,437</u>

4. Investments

The investment balance reported represents the following holdings:

	2016	2015
Shawano Wapunong Building Inc. loan at cost	\$ 12,052	\$ 11,478
Pigeon River Contractors Ltd., at modified equity	<u>2,266,606</u>	<u>1,382,950</u>
	<u>\$ 2,278,658</u>	<u>\$ 1,394,428</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

4. Investments (continued)

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.:

	2016	2015
Current assets	\$ 7,240,142	\$ 5,970,037
Long-term assets	<u>2,257,254</u>	<u>2,463,858</u>
 Total assets	 <u>\$ 9,497,396</u>	 <u>\$ 8,433,895</u>
 Current liabilities	 <u>\$ 7,230,790</u>	 <u>\$ 7,050,945</u>
Equity	<u>2,266,506</u>	<u>1,382,950</u>
 Total equity and liabilities	 <u>\$ 9,497,296</u>	 <u>\$ 8,433,895</u>
	2016	2015
Revenues	\$ 8,620,252	\$ 11,227,192
Expenses	<u>7,954,437</u>	<u>9,999,111</u>
 Net income	 <u>\$ 665,815</u>	 <u>\$ 1,228,081</u>

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 \$385,692 (2015 in \$2,002,284) to the First Nation for rock crushing and brush clearing.
- As at year end \$1,980,841 (2015 in \$2,256,584) 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 5.95%) and a limit of \$400,000. \$nil (\$332,310 in 2015) of this credit facility was owing at year-end.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

6. Accounts Payable and Accrued Liabilities

	2016	2015
Trade	\$ 3,295,121	\$ 4,772,861
Accrued Liabilities	420,996	509,286
Canada Revenue Agency	91,477	52,392
Current Portion of Frontier School Division Payable	<u>570,648</u>	<u>570,648</u>
 Total Current Accounts Payable	 <u>4,378,242</u>	 5,905,187
Long-term Portion of Frontier School Division Payable	<u>1,394,415</u>	1,575,772
 Total Accounts Payable	 <u>\$ 5,772,657</u>	 \$ 7,480,959

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%).

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	2016	2015
Deferred revenue - opening	\$ 253,631	\$ 253,631	\$ 50,000
Add: Current year monies unspent	146,003	146,003	203,631
Less: Previous year revenue recognized	<u>(203,631)</u>	<u>(203,631)</u>	-
 \$ 196,003	 <u>\$ 196,003</u>	 \$ 253,631	

The balance of deferred revenue consists of the following:

Aboriginal Affairs and Northern Development Canada		
2006 School Study	\$ 50,000	
2015 Basic Needs	139,990	
2016 Special Needs	6,013	
2016 Tuition	-	
	<u>\$ 196,003</u>	

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

8. Long-term Debts and Demand Loans

	2016	2015
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.	\$ 332,723	\$ 351,550
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.	820,309	549,247
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.	443,123	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.	196,322	227,442
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.	261,460	321,003
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.	605,303	653,863
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.	498,992	526,203
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.	487,720	508,171
Carried forward	\$ 3,645,952	\$ 3,628,375

BERENS RIVER FIRST NATION
Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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

	2016	2015
Brought forward	\$ 3,645,952	\$ 3,628,375
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.	281,155	295,099
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.	636,687	665,949
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.	725,038	752,150
Mortgage payable at 0.76%, due June 1, 2021, 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.	640,943	-
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
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.	680,000	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
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.	116,667	216,667
First Nation Bank term facility at prime plus 3.50% (effective rate 6.75%, due June 1, 2016.	213,750	-
	\$ 6,940,192	\$ 6,494,409

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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

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

2017	\$ 799,411
2018	518,585
2019	507,847
2020	513,885
2021	294,645
Thereafter	<u>4,305,819</u>
	 <u>\$ 6,940,192</u>

9. Tangible Capital Assets

2016

	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 7,926,473	\$ 52,726,398	\$ 5,073,874	\$ 2,354,205	\$ 68,080,950
Additions	-	898,577	18,461	69,541	986,579
Cost, end of year	<u>7,926,473</u>	<u>53,624,975</u>	<u>5,092,335</u>	<u>2,423,746</u>	<u>69,067,529</u>
Accumulated amount, beginning of year	(4,861,476)	(32,848,974)	(3,770,611)	(1,715,523)	(43,196,584)
Amortization	(168,735)	(1,522,503)	(193,086)	(80,417)	(1,964,741)
Accumulated amount, end of year	<u>(5,030,211)</u>	<u>(34,371,477)</u>	<u>(3,963,697)</u>	<u>(1,795,940)</u>	<u>(45,161,325)</u>
Net carrying amount, end of year	<u>\$ 2,896,262</u>	<u>\$ 19,253,498</u>	<u>\$ 1,128,638</u>	<u>\$ 627,806</u>	<u>\$ 23,906,204</u>

2015

	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 7,926,473	\$ 52,447,711	\$ 5,057,874	\$ 2,352,205	\$ 67,784,263
Additions	-	278,687	16,000	2,000	296,687
Cost, end of year	<u>7,926,473</u>	<u>52,726,398</u>	<u>5,073,874</u>	<u>2,354,205</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>\$ 1,303,263</u>	<u>\$ 638,682</u>	<u>\$ 24,884,366</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

10. Inventories

	2016	2015
Materials and supplies	\$ 1,390	\$ 1,440
Fuel	<u>123,648</u>	<u>146,289</u>
	\$ 125,038	\$ 147,729

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

	2016	2015
AANDC cash release confirmation	\$ 8,287,839	\$ 8,831,760
Add: prior year deferrals	203,631	-
Less: Prior Year Social Shortfall Funded in Current Year	-	(39,679)
Less: 2015 Work experience funds decommitted	(32,033)	-
Less: 2015 Tuition funds decommitted	(174,513)	-
Less: 2015 Special needs funds decommitted	(4,979)	-
Less: Prior Years Clawback - Education (i) below	-	(113,602)
Less: Current Year Deferred Revenue	(103,003)	(203,631)
Plus: Education funding adjustment	-	102,313
 Total AANDC revenue reported	 \$ 8,176,942	 \$ 8,577,161

- (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, 2016

12. Replacement Reserves

	CMHC	FNIHB MAR	2016	2015
Balance, beginning of year	\$ 586,773	\$ 145,675	\$ 732,448	\$ 641,648
Allocations	65,580	28,246	93,826	89,391
Expenses	6,850	(16,511)	(9,661)	(5,441)
Adjustments	6,850	-	6,850	6,850
 Balance, end of year	\$ 652,353	\$ 157,410	\$ 823,463	\$ 732,448

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:

	2016	2015
Investment in tangible capital assets	\$ 16,966,012	\$ 18,389,957
Current Funds (deficit)	(1,212,859)	(2,813,288)
Reserve Funds		
CMHC	652,353	586,773
MAR	157,410	145,675
 \$ 16,562,916	 \$ 16,309,117	

14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$69,191 (\$51,008 in 2015). 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, 2016

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:

2017	\$	43,582
2018		43,810
2019		9,127

17. Comparative Figures

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

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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	\$ 2,114,502
Less: Internally generated expenses not eliminated in budget	(253,718)
Less: Amortization of tangible capital assets	<u>(1,964,741)</u>
 Budget deficit per statement of operations	 <u>\$ (103,957)</u>

19. Supplementary Cash Flow Information

The total interest paid on cash basis for the year was \$318,072 (\$380,425 in 2015). The difference between the cash flow and the related amount recognized in the statement of operations of \$53,352 (\$31,787 in 2015) 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.

	2016	2015
Amortization	\$ 1,953,959	\$ 2,007,011
Interest	318,311	412,212
Professional services	298,685	387,124
Other	11,204,163	12,255,402
Rental expenditures	108,929	126,874
Salaries and benefits	5,850,247	5,019,274
Staff development	8,218	8,218
Supplies and services	<u>1,557,089</u>	<u>1,374,401</u>
	 <u>\$ 21,299,601</u>	 <u>\$ 21,590,516</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

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.

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, 2016

21. Segmented Information (continued)

	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2016 Total
Revenue										
Federal	\$ 1,616,400	\$ 3,144,282	\$ 770,738	\$ 3,865,006	\$ 2,177,664	\$ 136,383	\$ 1,063,190	\$ -	\$ -	\$ 12,773,663
Sundry	6,276,119	26,247	1,347,157	128,802	(94,547)	821,853	594,499	460,612	(1,664,661)	7,896,081
Equity earnings	-	-	883,656	-	-	-	-	-	-	883,656
Total revenue	7,892,519	3,170,529	3,001,551	3,993,808	2,083,117	958,236	1,657,689	460,612	(1,664,661)	21,553,400
Expenses										
Salaries and other	5,881,734	2,949,358	2,060,476	1,436,377	1,969,224	488,638	1,515,684	391,818	(1,664,661)	15,028,648
Total expenses	1,450,193	256,008	834,227	2,602,214	148,886	401,493	499,137	78,795	-	6,270,953
Total expenses	7,331,927	3,205,366	2,894,703	4,038,591	2,118,110	890,131	2,014,821	470,613	(1,664,661)	21,299,601
Annual surplus (deficit)	\$ 560,592	\$ (34,837)	\$ 106,848	\$ (44,783)	\$ (34,993)	\$ 68,105	\$ (357,132)	\$ (10,001)	\$ -	\$ 253,799
	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										
Salaries and other	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
Total expenses	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