

# **BERENS RIVER FIRST NATION**

**Consolidated  
Financial Statements  
For the year ended March 31, 2017**

# **BERENS RIVER FIRST NATION**

## **Consolidated Financial Statements**

**For the year ended March 31, 2017**

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## Management's Responsibility for Financial Reporting

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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.



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## Independent Auditor's Report

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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, 2017 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, 2017, in accordance with Canadian public sector accounting standards.

### 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, 2017 in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

Winnipeg, Manitoba  
December 14, 2017

# BERENS RIVER FIRST NATION

## Consolidated Statement of Financial Position

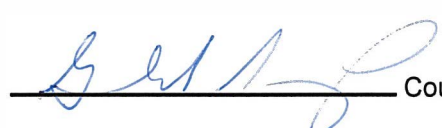
March 31	2017	2016
<b>Financial Assets</b>		
Cash and bank	\$ 1,650,697	\$ 36,278
Restricted cash (Note 2)	351,874	231,487
Accounts receivable (Note 3)	3,396,343	3,360,004
Investments (Note 4)	2,211,805	2,278,658
	<u>7,610,719</u>	<u>5,906,427</u>
<b>Liabilities</b>		
Bank indebtedness (Note 5)	1,736,117	482,530
Accounts payable and accrued liabilities (Note 6)	4,043,967	5,772,657
Unexpended funding (Note 7)	1,077,526	196,003
Long-term debts and demand loans (Note 8)	7,484,881	6,940,192
	<u>14,342,491</u>	<u>13,391,382</u>
<b>Net debt</b>	<u>(6,731,772)</u>	<u>(7,484,955)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 9)	24,397,202	23,906,204
Inventories (Note 10)	193,231	125,038
Prepaid expenses	105,364	16,629
	<u>24,695,797</u>	<u>24,047,871</u>
<b>Accumulated surplus (Note 13)</b>	\$ 17,964,025	\$ 16,562,916
<b>Contingent liabilities (Note 15)</b>		
<b>Commitment (Note 16)</b>		

Approved by the First Nation:

 Chief

 Councillor

 Councillor

 Councillor

 Councillor

# BERENS RIVER FIRST NATION

## Consolidated Statement of Operations

For the year ended March 31	2017		2016
	Budget	Actual	Actual
<b>Revenue</b>			
First Peoples Development Inc.	\$ 712,377	\$ 833,163	\$ 680,156
Health Canada	4,034,110	3,913,676	3,865,006
Indigenous Northern Affairs Canada (Note 11)	6,794,913	12,202,969	8,176,942
Canada Mortgage and Housing Corporation	302,267	871,317	520,190
Gaming revenue	100,000	141,570	460,612
Province of Manitoba	397,760	350,366	256,676
Rental income	816,000	222,243	253,111
Fuel, gravel, barge fees, and sundry	3,750,622	5,770,727	6,457,051
Equity earnings of subsidiary	-	(67,455)	883,656
	<b>16,908,049</b>	<b>24,238,576</b>	<b>21,553,400</b>
<b>Expenses</b>			
Mee-Mee-Wee-Seepi Development Corp.	2,135,732	4,546,196	4,483,381
Medical services	3,983,954	3,718,241	3,753,325
Social services and development	3,257,375	2,977,700	2,972,239
Band support and administration	1,361,781	2,449,234	2,186,684
Education student services	1,902,599	2,019,936	1,693,240
Capital and set programs	261,383	1,658,327	1,677,464
Community water and waste services	1,092,300	1,367,141	965,111
Housing Authority	466,579	819,771	687,500
Special funding	-	799,063	-
AHRDA Pathways	559,914	667,591	596,388
Education local services	288,829	375,361	631,486
Community contributions	207,000	276,499	208,375
Skills link	83,100	234,805	-
Nipi Marine Service Ltd.	181,950	196,378	246,593
Arena	230,360	143,867	217,125
Community bingo	-	138,572	385,509
Band employee benefits	-	120,725	117,129
Log Inn	117,840	112,611	123,285
Student transportation	-	93,506	89,344
WNO consultations	-	46,705	23,598
Indian registry	29,767	28,162	24,499
Comprehensive Community Plan	-	24,502	-
Government Capacity Development Project	-	16,380	-
Gaming Commission	-	6,194	45,488
Community Health Empowerment			
Support Services	39,115	-	2,120
Elections	25,000	-	14,420
Family violence	15,200	-	2,298
Financial management	-	-	35,000
Emergency hydro	-	-	88,000
Emergency Fuel	-	-	30,000
	<b>16,239,778</b>	<b>22,837,467</b>	<b>21,299,601</b>
<b>Annual surplus (deficit)</b>	<b>\$ 668,271</b>	<b>1,401,109</b>	<b>253,799</b>
<b>Accumulated surplus, beginning of year</b>		<b>16,562,916</b>	<b>16,309,117</b>
<b>Accumulated surplus, end of year</b>		<b>\$ 17,964,025</b>	<b>\$ 16,562,916</b>

## BERENS RIVER FIRST NATION Consolidated Statement of Changes in Net Debt

For the year ended March 31			2017	2016
	Budget	Actual	Actual	
Annual surplus	\$ 668,271	\$ 1,401,109	\$ 253,799	
Acquisition of tangible capital assets	-	(2,629,364)	(986,579)	
Amortization of tangible capital assets	2,138,366	2,138,366	1,964,741	
	2,806,637	910,111	1,231,961	
Prepaid expenses	-	(88,735)	5,921	
Inventories	-	(68,193)	22,691	
Decrease (increase) in net debt	<u>\$ 2,806,637</u>	753,183	1,260,573	
Net debt, beginning of year		<u>(7,484,955)</u>	(8,745,528)	
Net debt, end of year		<u>\$ (6,731,772)</u>	\$ (7,484,955)	

# BERENS RIVER FIRST NATION

## Consolidated Statement of Cash Flows

For the year ended March 31	2017	2016
<b>Cash Flows from Operating Activities</b>		
Annual surplus	\$ 1,401,109	\$ 253,799
Adjustment for non-cash items:		
Amortization of tangible capital assets	2,138,366	1,964,741
Equity earnings (loss) of subsidiary	67,455	(883,656)
	<u>3,606,930</u>	<u>1,334,884</u>
Changes in non-cash working capital balances:		
Accounts receivable	(36,339)	840,433
Inventories	(68,193)	22,691
Prepaid expenses	(88,735)	5,921
Accounts payable	(1,728,690)	(1,708,302)
Unexpended revenue	881,523	(57,628)
	<u>2,566,496</u>	<u>437,999</u>
<b>Cash Flows from Capital Activities</b>		
Purchase and construction of capital assets	<u>(2,629,364)</u>	<u>(986,579)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds of investments	<u>(602)</u>	<u>(574)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds of long-term debt	1,188,524	1,135,678
Repayment of long-term debt	(643,835)	(689,895)
	<u>544,689</u>	<u>445,783</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>481,219</b>	<b>(103,371)</b>
<b>Bank indebtedness, beginning of year</b>	<u>(214,765)</u>	<u>(111,394)</u>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ 266,454</b>	<b>\$ (214,765)</b>
<b>Represented by</b>		
Cash and bank	\$ 1,650,697	\$ 36,278
Restricted cash	351,874	231,487
Bank indebtedness	(1,736,117)	(482,530)
	<u>\$ 266,454</u>	<u>\$ (214,765)</u>

### Supplementary Cash Flow Information (Note 19)



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# BERENS RIVER FIRST NATION

## Notes to Consolidated Financial Statements

For the year ended March 31, 2017

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

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## BERENS RIVER FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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#### **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, 2017**

### 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 INAC.

#### 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:

	<u>2017</u>	<u>2016</u>
<u>Externally Restricted Reserves:</u>		
CMHC Replacement Reserve	\$ 265,586	\$ 153,540
INAC Trust	86,288	77,947
	<u>\$ 351,874</u>	<u>\$ 231,487</u>

## BERENS RIVER FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

#### 2. Restricted Cash (continued)

##### INAC 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 Indigenous Northern Affairs Canada. The change in the trust balance during the year was as follows:

	2017	2016
Trust balance, beginning of year	\$ 77,947	\$ 74,213
Interest and fees earned	8,341	3,734
Trust balance, end of year	<u>\$ 86,288</u>	<u>\$ 77,947</u>

#### 3. Accounts Receivable

	2017	2016
Trade	\$ 2,359,468	\$ 855,040
Due from Pigeon River Contractors Ltd.	235,984	1,980,841
Allowance for doubtful accounts	(6,508)	(6,508)
Member receivables	20,218	(47)
	<u>2,609,162</u>	<u>2,829,326</u>
Indigenous Northern Affairs Canada		
Receivable outstanding	688,984	467,220
Health Canada - FNIHB	-	26,930
CMHC	28,046	45,758
GST	70,151	(9,230)
	<u>787,181</u>	<u>530,678</u>
	<u>\$ 3,396,343</u>	<u>\$ 3,360,004</u>

#### 4. Investments

The investment balance reported represents the following holdings:

	2017	2016
Shawano Wapunong Building Inc. loan at cost	\$ 12,654	\$ 12,052
Pigeon River Contractors Ltd., at modified equity	2,199,151	2,266,606
	<u>\$ 2,211,805</u>	<u>\$ 2,278,658</u>

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.

# BERENS RIVER FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 4. Investments (continued)

Summarized financial information for Pigeon River Contractors Ltd.:

	2017	2016
Current assets	\$ 2,949,989	\$ 7,240,142
Long-term assets	2,050,650	2,257,254
Total assets	<u>\$ 5,000,639</u>	<u>\$ 9,497,396</u>
Current liabilities	\$ 2,801,488	\$ 7,230,790
Equity	2,199,151	2,266,506
Total equity and liabilities	<u>\$ 5,000,639</u>	<u>\$ 9,497,296</u>
	2017	2016
Revenues	\$ 9,325,950	\$ 8,620,252
Expenses	9,393,405	7,736,596
Net income (loss)	<u>\$ (67,455)</u>	<u>\$ 883,656</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 \$111,103 (2016 in \$385,692) to the First Nation for rock crushing and brush clearing.
- As at year end \$235,984 (2016 in \$1,980,841) 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. \$909,318 (\$nil in 2016) of this credit facility was owing at year-end.

## BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 6. Accounts Payable and Accrued Liabilities

	2017	2016
Trade	\$ 1,326,647	\$ 3,295,121
Accrued Liabilities	929,216	420,996
Canada Revenue Agency	78,376	91,477
Current Portion of Frontier School Division Payable	570,648	570,648
Total Current Accounts Payable	2,904,887	4,378,242
Long-term Portion of Frontier School Division Payable	1,139,080	1,394,415
Total Accounts Payable	\$ 4,043,967	\$ 5,772,657

In 2013, 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 3.70%).

### 7. Unexpended Funding

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

	INAC	2017	2016
Deferred revenue - opening	\$ 196,003	\$ 196,003	\$ 253,631
Add: Current year monies unspent	881,523	881,523	146,003
Less: Previous year revenue recognized	-	-	(203,631)
	\$ 1,077,526	\$ 1,077,526	\$ 196,003

The balance of deferred revenue consists of the following:

Indigenous Northern Affairs Canada	
2006 School Study	\$ 50,000
2015 Basic Needs	139,990
2016 Special Needs	6,013
2017 Tuition	748,889
2017 Capital Funding	132,634
	\$ 1,077,526

## BERENS RIVER FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

#### 8. Long-term Debts and Demand Loans

	2017	2016
Mortgage payable at 1.30%, due December 1, 2020, repayable in monthly installments of \$2,066 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	\$ 312,110	\$ 332,723
Mortgage payable at 1.39%, due June 1, 2020, repayable in monthly installments of \$3,321 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	791,616	820,309
Mortgage payable at 1.82%, due September 1, 2019, repayable in monthly installments of \$4,691 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	394,446	443,123
Mortgage payable at 3.17%, due March 1, 2017 and not yet renewed, repayable in monthly installments of \$3,157 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance.	164,205	196,322
Mortgage payable at 2.02%, due August 1, 2018, repayable in monthly installments of \$5,456 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance.	200,685	261,460
Mortgage payable at 1.65%, due June 1, 2017, repayable in monthly installments of \$4,914 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	555,892	605,303
Mortgage payable at 1.44%, due February 1, 2022, repayable in monthly installments of \$2,927 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	471,265	498,992
Mortgage payable at 1.04%, due October 1, 2020, repayable in monthly installments of \$2,321 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	464,809	487,720
Carried forward	\$ 3,355,028	\$ 3,645,952

# BERENS RIVER FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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

	2017	2016
Brought forward	\$ 3,355,028	\$ 3,645,952
Mortgage payable at 1.67%, due June 1, 2018, repayable in monthly installments of \$1,563 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	266,955	281,155
Mortgage payable at 2.11%, due January 1, 2019, repayable in monthly installments of \$3,584 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	606,743	636,687
Mortgage payable at 1.69%, due February 1, 2018, repayable in monthly installments of \$3,300 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	697,410	725,038
Mortgage payable at 1.13%, due July 1, 2021, repayable in monthly installments of \$3,046 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	777,586	640,943
First Nation Bank term facility at prime plus 3.50% (effective rate 6.20%), 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.	510,000	680,000
First Nation Bank term facility at prime plus 3.50% (effective rate 6.20%), 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.	16,667	116,667
First Nation Bank term facility at prime plus 3.50%, repaid in 2017.	-	213,750
First Nation Bank term facility at prime plus 3.50% (effective rate 6.20%, that has not been fully dispersed.	400,000	-
First Peoples Economic Growth Fund Inc. term facility at fixed rate of 6%, due May 1, 2020, repayable in monthly principal and interest payments of \$17,410.	601,159	-
First Peoples Economic Growth Fund Inc. term facility at no interest due on May 1, 2020, repayable in monthly principal payments of \$6,667.	253,333	-
	<b>\$ 7,484,881</b>	<b>\$ 6,940,192</b>



## BERENS RIVER FIRST NATION Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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

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

2018	\$ 2,022,346
2019	1,620,204
2020	912,313
2021	1,479,249
2022	409,368
Thereafter	<u>1,041,401</u>
	<u>\$ 7,484,881</u>

### 9. Tangible Capital Assets

	<b>2017</b>				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 7,926,473	\$ 53,624,975	\$ 5,092,335	\$ 2,423,746	\$ 69,067,529
Additions	2,106,192	173,113	58,968	291,091	2,629,364
Cost, end of year	<u>10,032,665</u>	<u>53,798,088</u>	<u>5,151,303</u>	<u>2,714,837</u>	<u>71,696,893</u>
Accumulated amount, beginning of year	(5,030,211)	(34,371,477)	(3,963,697)	(1,795,940)	(45,161,325)
Amortization	(158,967)	(1,513,408)	(195,136)	(270,855)	(2,138,366)
Accumulated amount, end of year	<u>(5,189,178)</u>	<u>(35,884,885)</u>	<u>(4,158,833)</u>	<u>(2,066,795)</u>	<u>(47,299,691)</u>
Net carrying amount, end of year	<u>\$ 4,843,487</u>	<u>\$ 17,913,203</u>	<u>\$ 992,470</u>	<u>\$ 648,042</u>	<u>\$ 24,397,202</u>

	<b>2016</b>				
	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>

## BERENS RIVER FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

#### 10. Inventories

	2017	2016
Materials and supplies	\$ 1,390	\$ 1,390
Fuel	191,841	123,648
	<b>\$ 193,231</b>	<b>\$ 125,038</b>

#### 11. Indigenous Northern Affairs Canada (INAC) Revenue Reconciliation

	2017	2016
INAC cash release confirmation	\$ 13,191,724	\$ 8,287,839
Add: prior year deferrals	-	203,631
Less: 2015 Work experience funds decommitted	-	(32,033)
Less: 2016 Tuition funds decommitted	(107,232)	(174,513)
Less: 2015 Special needs funds decommitted	-	(4,979)
Less: Current Year Deferred Revenue	(881,523)	(103,003)
Total INAC revenue reported	<b>\$ 12,202,969</b>	<b>\$ 8,176,942</b>

- (i) During the prior year, INAC 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 INAC. As a result of such agreements, education funding that was previously recorded as due from INAC 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.

#### 12. Replacement Reserves

	CMHC	FNIHB MAR	2017	2016
Balance, beginning of year	\$ 652,353	\$ 157,410	\$ 809,763	\$ 732,448
Allocations	65,580	28,935	94,515	93,826
Expenses	-	(15,970)	(15,970)	(9,661)
Adjustments	-	-	-	6,850
Balance, end of year	<b>\$ 717,933</b>	<b>\$ 170,375</b>	<b>\$ 888,308</b>	<b>\$ 823,463</b>

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.

# BERENS RIVER FIRST NATION

## Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

### 13. Accumulated Surplus

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

	<u>2017</u>	<u>2016</u>
Investment in tangible capital assets	\$ 16,912,321	\$ 16,966,012
Current Funds (deficit)	163,396	(1,212,859)
Reserve Funds		
CMHC	717,933	652,353
MAR	170,375	157,410
	<u>\$ 17,964,025</u>	<u>\$ 16,562,916</u>

### 14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$69,944 (\$69,191 in 2016). 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.

### 15. Contingent Liabilities

The First Nation is contingently liable for \$824,182 in unapproved social services expenditures owing back to Indigenous Northern Affairs 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 been given notice of a potential claim against the First Nation by a customer. At the date of the audit report, the amount of the claim is undeterminable.

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## BERENS RIVER FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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#### 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 two years:

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.

#### 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	\$ 668,272
Less: Internally generated expenses not eliminated in budget	(165,288)
Less: Amortization of tangible capital assets	<u>2,138,366</u>
 Budget deficit per statement of operations	 <u>\$ 2,641,350</u>

#### 19. Supplementary Cash Flow Information

The total interest paid on cash basis for the year was \$302,590 (\$318,072 in 2016). The difference between the cash flow and the related amount recognized in the statement of operations is due to the inclusion of bank charges and changes to interest accrued on overdue vendor payables in the total amount recognized.

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## BERENS RIVER FIRST NATION

### Notes to Consolidated Financial Statements

**For the year ended March 31, 2017**

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#### **20. Expense by Object**

The following is a summary of expenses by object.

	<u>2017</u>	<u>2016</u>
Amortization	\$ 2,138,366	\$ 1,953,959
Interest	302,590	318,311
Other	11,963,848	11,204,163
Professional services	910,661	301,756
Rental expenditures	127,994	108,929
Salaries and benefits	5,892,549	5,850,247
Staff development	8,218	8,218
Supplies and services	1,493,241	1,557,089
	<u>\$ 22,837,467</u>	<u>\$ 21,302,672</u>

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## **BERENS RIVER FIRST NATION**

### **Notes to Consolidated Financial Statements**

**For the year ended March 31, 2017**

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#### **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, 2017

#### 21. Segmented Information (continued)

	Mee-mee-wee-seepi & Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2017 Total
<b>Revenue</b>										
Federal	\$ 6,300,616	3,166,055	\$ 740,060	\$ 3,913,676	\$ 2,199,964	\$ 202,930	\$ 464,661	\$ -	\$ -	\$16,987,962
Sundry	5,334,991	62,000	545,699	177,468	97,276	918,950	578,569	141,570	(538,454)	7,318,069
Equity earnings	-	-	(67,455)	-	-	-	-	-	-	(67,455)
<b>Total revenue</b>	<b>11,635,607</b>	<b>3,228,055</b>	<b>1,218,304</b>	<b>4,091,144</b>	<b>2,297,240</b>	<b>1,121,880</b>	<b>1,043,230</b>	<b>141,570</b>	<b>(538,454)</b>	<b>24,238,576</b>
<b>Expenses</b>	<b>7,438,483</b>	<b>2,976,781</b>	<b>2,699,189</b>	<b>1,095,569</b>	<b>2,325,476</b>	<b>465,601</b>	<b>964,909</b>	<b>118,101</b>	<b>(538,454)</b>	<b>17,545,655</b>
Salaries and other	1,049,526	251,867	496,342	2,622,672	163,327	580,662	87,451	39,965	-	5,291,812
<b>Total expenses</b>	<b>8,488,009</b>	<b>3,228,648</b>	<b>3,195,531</b>	<b>3,718,241</b>	<b>2,488,803</b>	<b>1,046,263</b>	<b>1,052,360</b>	<b>158,066</b>	<b>(538,454)</b>	<b>22,837,467</b>
<b>Annual surplus (deficit)</b>	<b>\$ 3,147,598</b>	<b>\$ (593)</b>	<b>\$ (1,977,227)</b>	<b>\$ 372,903</b>	<b>\$ (191,563)</b>	<b>\$ 75,617</b>	<b>\$ (9,130)</b>	<b>\$ (16,496)</b>	<b>\$ -</b>	<b>\$ 1,401,109</b>
	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2016 Total
<b>Revenue</b>										
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
<b>Total revenue</b>	<b>7,892,519</b>	<b>3,170,529</b>	<b>3,001,551</b>	<b>3,993,808</b>	<b>2,083,117</b>	<b>958,236</b>	<b>1,657,689</b>	<b>460,612</b>	<b>(1,664,661)</b>	<b>21,553,400</b>
<b>Expenses</b>	<b>5,881,734</b>	<b>2,949,358</b>	<b>2,060,476</b>	<b>1,436,377</b>	<b>1,969,224</b>	<b>488,638</b>	<b>1,515,684</b>	<b>391,818</b>	<b>(1,664,661)</b>	<b>15,028,648</b>
Salaries and other	1,450,193	256,008	834,227	2,602,214	148,886	401,493	499,137	78,795	-	6,270,953
<b>Total expenses</b>	<b>7,331,927</b>	<b>3,205,366</b>	<b>2,894,703</b>	<b>4,038,591</b>	<b>2,118,110</b>	<b>890,131</b>	<b>2,014,821</b>	<b>470,613</b>	<b>(1,664,661)</b>	<b>21,299,601</b>
<b>Annual surplus (deficit)</b>	<b>\$ 560,592</b>	<b>\$ (34,837)</b>	<b>\$ 106,848</b>	<b>\$ (44,783)</b>	<b>\$ (34,993)</b>	<b>\$ 68,105</b>	<b>\$ (357,132)</b>	<b>\$ (10,001)</b>	<b>\$ -</b>	<b>\$ 253,799</b>