

BERENS RIVER FIRST NATION

**Consolidated
Financial Statements
For the year ended March 31, 2018**

BERENS RIVER FIRST NATION

Consolidated Financial Statements

For the year ended March 31, 2018

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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 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



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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, 2018 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Berens River First Nation** as at March 31, 2018 and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants



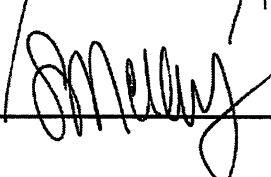
Winnipeg, Manitoba
October 29, 2018


BERENS RIVER FIRST NATION

Consolidated Statement of Financial Position

March 31	2018	2017
Financial Assets		
Cash and bank	\$ 3,006,781	\$ 1,650,697
Restricted cash (Note 2)	478,341	351,874
Accounts receivable (Note 3)	2,525,841	3,396,343
Investments (Note 4)	2,067,137	2,211,805
	<u>8,078,100</u>	<u>7,610,719</u>
Liabilities		
Bank indebtedness (Note 5)	617,422	1,736,117
Accounts payable and accrued liabilities (Note 6)	5,167,497	4,043,967
Unexpended funding (Note 7)	4,035,338	1,077,526
Long-term debts and demand loans (Note 8)	8,043,957	7,484,881
	<u>17,864,214</u>	<u>14,342,491</u>
Net debt	<u>(9,786,114)</u>	<u>(6,731,772)</u>
Non-Financial Assets		
Tangible capital assets (Note 9)	32,543,809	24,397,202
Inventories (Note 10)	203,459	193,231
Prepaid expenses	10,894	105,364
	<u>32,758,162</u>	<u>24,695,797</u>
Accumulated surplus (Note 13)	\$ 22,972,048	\$ 17,964,025
Contingent liabilities (Note 15)		

Approved by the First Nation:


 _____ Chief

 _____ Councillor

 _____ Councillor


 _____ Councillor
 _____ Councillor

BERENS RIVER FIRST NATION Consolidated Statement of Operations

For the year ended March 31	2018		2017
	Budget	Actual	Actual
Revenue			
First Peoples Development Inc.	\$ 712,377	\$ 945,884	\$ 833,163
Health Canada	4,850,874	5,218,030	3,913,676
Indigenous Northern Affairs Canada (Note 11)	15,102,098	16,767,383	12,202,969
Canada Mortgage and Housing Corporation	336,895	390,240	871,317
Gaming revenue	100,000	-	141,570
Province of Manitoba	397,760	304,041	350,366
Rental income	816,000	283,070	222,243
Fuel, gravel, barge fees, and sundry	3,310,762	7,443,865	5,770,727
Equity loss of subsidiary (Note 4)	-	(145,300)	(67,455)
	25,626,766	31,207,213	24,238,576
Expenses			
Mee-Mee-Wee-Seepi Development Corp.	2,057,567	7,660,410	4,546,196
Medical services	4,704,285	4,482,282	3,718,241
Social services and development	3,257,375	2,946,446	2,977,700
Band support and administration	1,361,781	2,427,604	2,449,234
Education student services	1,902,599	2,041,268	2,019,936
Capital and set programs	261,383	601,168	1,658,327
Community water and waste services	1,092,300	1,601,378	1,367,141
Housing Authority	488,472	887,918	819,771
ASETS Training & Employment	559,914	787,908	667,591
Education local services	288,829	313,973	375,361
Nipi Marine Service Ltd.	249,450	153,231	196,378
Arena	230,360	148,588	143,867
Community contributions	207,000	256,918	276,499
Log Inn	117,840	121,455	112,611
Band employee benefits	-	130,815	120,725
Student transportation	-	87,097	93,506
Indian registry	29,767	25,171	28,162
WNO consultations	-	49,423	46,705
Elections	25,000	17,849	-
Skills link	83,100	82,966	234,805
Special funding	-	1,334,271	799,063
Comprehensive Community Plan	-	41,051	24,502
Community bingo	-	-	138,572
Community Health Empowerment			
Support Services	80,665	-	-
Family violence	15,200	-	-
Gaming Commission	-	-	6,194
Government Capacity Development Project	-	-	16,380
	17,012,887	26,199,190	22,837,467
Annual surplus	\$ 8,613,879	5,008,023	1,401,109
Accumulated surplus, beginning of year		17,964,025	16,562,916
Accumulated surplus, end of year		\$ 22,972,048	\$ 17,964,025

BERENS RIVER FIRST NATION Consolidated Statement of Changes in Net Debt

For the year ended March 31			2018	2017
	Budget	Actual	Actual	
Annual surplus	\$ 8,613,879	\$ 5,008,023	\$ 1,401,109	
Acquisition of tangible capital assets	-	(10,227,990)	(2,629,364)	
Amortization of tangible capital assets	-	2,081,383	2,138,366	
	8,613,879	(3,138,584)	910,111	
Prepaid expenses	-	94,470	(88,735)	
Inventories	-	(10,228)	(68,193)	
Decrease (increase) in net debt	<u>\$ 8,613,879</u>	(3,054,342)	753,183	
Net debt, beginning of year		<u>(6,731,772)</u>	(7,484,955)	
Net debt, end of year		<u>\$ (9,786,114)</u>	<u>\$ (6,731,772)</u>	

BERENS RIVER FIRST NATION Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017
Cash Flows from Operating Activities		
Annual surplus	\$ 5,008,023	\$ 1,401,109
Adjustment for non-cash items:		
Amortization of tangible capital assets	2,081,383	2,138,366
Equity earnings of subsidiary	145,300	67,455
	<u>7,234,706</u>	<u>3,606,930</u>
Changes in non-cash working capital balances:		
Accounts receivable	870,502	(36,339)
Inventories	(10,228)	(68,193)
Prepaid expenses	94,470	(88,735)
Accounts payable	1,123,530	(1,728,690)
Unexpended revenue	2,957,812	881,523
	<u>12,270,792</u>	<u>2,566,496</u>
Cash Flows from Capital Activities		
Purchase and construction of capital assets	<u>(10,227,990)</u>	<u>(2,629,364)</u>
Cash Flows from Investing Activities		
Proceeds of investments	<u>(632)</u>	<u>(602)</u>
Cash Flows from Financing Activities		
Proceeds of long-term debt	1,839,671	1,188,524
Repayment of long-term debt	<u>(1,280,595)</u>	<u>(643,835)</u>
	<u>559,076</u>	<u>544,689</u>
Increase in cash and cash equivalents	<u>2,601,246</u>	<u>481,219</u>
Cash (bank indebtedness), beginning of year	<u>266,454</u>	<u>(214,765)</u>
Cash, end of year	<u>\$ 2,867,700</u>	<u>\$ 266,454</u>
Represented by		
Cash and bank	\$ 3,006,781	\$ 1,650,697
Restricted cash	478,341	351,874
Bank indebtedness	<u>(617,422)</u>	<u>(1,736,117)</u>
	<u>\$ 2,867,700</u>	<u>\$ 266,454</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

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
7269251 Manitoba Ltd.	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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BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

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

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.

Fuel and gravel revenue is recognized when the title of the product passes to the customer and collectibility is reasonably assured. Reasonable assurance is based on the First Nation's past experience with collections.

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

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

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

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 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 \$69,580 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:

	2018	2017
<u>Externally Restricted Reserves:</u>		
CMHC Replacement Reserve	\$ 388,107	\$ 265,586
INAC Trust	90,234	86,288
	<u>\$ 478,341</u>	<u>\$ 351,874</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

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:

	2018	2017
Trust balance, beginning of year	\$ 86,288	\$ 77,947
Interest and fees earned	3,946	8,341
Trust balance, end of year	<u>\$ 90,234</u>	<u>\$ 86,288</u>

3. Accounts Receivable

	2018	2017
Trade	\$ 984,776	\$ 2,359,468
Due from Pigeon River Contractors Ltd.	163,638	235,984
Allowance for doubtful accounts	(6,508)	(6,508)
Member receivables	28,268	20,218
	<u>1,170,174</u>	<u>2,609,162</u>
Indigenous Northern Affairs Canada		
Receivable outstanding	1,196,148	688,984
CMHC	81,388	28,046
GST	78,131	70,151
	<u>1,355,667</u>	<u>787,181</u>
	<u>\$ 2,525,841</u>	<u>\$ 3,396,343</u>

4. Investments

The investment balance reported represents the following holdings:

	2018	2017
Shawano Wapunong Building Inc. loan at cost	\$ 13,286	\$ 12,654
Pigeon River Contractors Ltd., at modified equity	2,053,851	2,199,151
	<u>\$ 2,067,137</u>	<u>\$ 2,211,805</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, 2018

4. Investments (continued)

Summarized financial information for Pigeon River Contractors Ltd.:

	2018	2017
Current assets	\$ 1,033,350	\$ 2,949,989
Long-term assets	1,844,046	2,050,650
Total assets	\$ 2,877,396	\$ 5,000,639
Current liabilities	\$ 823,545	\$ 2,801,488
Equity	2,053,851	2,199,151
Total equity and liabilities	\$ 2,877,396	\$ 5,000,639
	2018	2017
Revenues	\$ 1,812,037	\$ 9,325,950
Expenses	1,957,337	9,393,405
Net income (loss)	\$ (145,300)	\$ (67,455)

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 \$1,154,628 (\$111,103 in 2017) to the First Nation for rock crushing and brush clearing.
- As at year end \$163,638 (2017 in \$235,984) 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 6.70%) and a limit of \$400,000. This credit facility was unutilized at year-end (\$909,318 in 2017).

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

6. Accounts Payable and Accrued Liabilities

	2018	2017
Trade	\$ 3,921,535	\$ 1,326,647
Accrued Liabilities	576,425	929,216
Canada Revenue Agency	51,335	78,376
Current Portion of Frontier School Division Payable	570,648	570,648
Total Current Accounts Payable	5,119,943	2,904,887
Long-term Portion of Frontier School Division Payable	47,554	1,139,080
Total Accounts Payable	\$ 5,167,497	\$ 4,043,967

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	2018	2017
Deferred revenue - opening	\$ 1,077,526	\$ 1,077,526	\$ 196,003
Add: Current year monies unspent	2,496,761	3,108,350	881,523
Add: Current year funds decommitted	221,325	221,325	442,650
Less: Previous year revenue recognized	(371,863)	(371,863)	-
	\$ 3,423,749	\$ 4,035,338	\$ 1,077,526

The balance of deferred revenue consists of the following:

Indigenous Northern Affairs Canada	
2006 School Study	\$ 50,000
2017 Student Accommodations	655,663
2018 Decommitted Basic Needs	184,800
2018 Decommitted Special Needs	4,492
2018 Decommitted Summer Work	32,033
2018 Remediation School & Teacherages	1,448,361
2018 Roads & Bridges	1,048,400
	3,423,749
First Nation and Inuit Health Branch	
AHTF	611,589
	\$ 4,035,338

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Notes to Consolidated Financial Statements

For the year ended March 31, 2018

8. Long-term Debts and Demand Loans

	2018	2017
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.	\$ 291,238	\$ 312,110
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.	762,577	791,616
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.	344,896	394,446
RBC Mortgage payable at 2.35%, due March 1, 2022, repayable in monthly installments of \$2,908 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance (Section 10).	132,841	164,205
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.	138,687	200,685
Mortgage payable at 1.86%, due August 1, 2022, repayable in monthly installments of \$4,964 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	505,974	555,892
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.	442,726	471,265
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.	441,670	464,809
Carried forward	\$ 3,060,609	\$ 3,355,028

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Notes to Consolidated Financial Statements

For the year ended March 31, 2018

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

	2018	2017
Brought forward	\$ 3,060,609	\$ 3,355,028
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.	252,527	266,955
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.	576,195	606,743
Mortgage payable at 2.39%, due March 1, 2023, repayable in monthly installments of \$3,519 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	669,341	697,410
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.	749,654	777,586
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.	340,000	510,000
First Nation Bank term facility at prime plus 3.50% (effective rate 6.95%), 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
First Nation Bank term facility at prime plus 2.45% (effective rate 5.90%, that has not been fully dispersed.	1,103,987	400,000
First Peoples Economic Growth Fund Inc. term facility at fixed rate of 6.00%, due May 1, 2020, repayable in monthly principal and interest payments of \$17,410.	423,477	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.	173,333	253,333
Carried forward	\$ 7,349,123	\$ 7,484,881

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Notes to Consolidated Financial Statements

For the year ended March 31, 2018

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

	2018	2017
Brought forward	\$ 7,349,123	\$ 7,484,881
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$5,562.	488,388	-
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$1,158.	56,325	-
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$3,088.	150,121	-
	\$ 8,043,957	\$ 7,484,881

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

2019	\$ 1,829,534
2020	1,123,749
2021	1,709,937
2022	1,286,590
2023	1,808,254
Thereafter	285,893
	\$ 8,043,957

9. Tangible Capital Assets

	2018				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 10,032,665	\$ 53,798,088	\$ 5,151,303	\$ 2,714,837	\$ 71,696,893
Additions	8,339,392	938,547	344,606	605,445	10,227,990
Cost, end of year	18,372,057	54,736,635	5,495,909	3,320,282	81,924,883
Accumulated amount, beginning of year	(5,189,178)	(35,884,885)	(4,158,833)	(2,066,795)	(47,299,691)
Amortization	(158,967)	(1,490,903)	(230,985)	(200,528)	(2,081,383)
Accumulated amount, end of year	(5,348,145)	(37,375,788)	(4,389,818)	(2,267,323)	(49,381,074)
Net carrying amount, end of year	\$ 13,023,912	\$ 17,360,847	\$ 1,106,091	\$ 1,052,959	\$ 32,543,809

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

9. Tangible Capital Assets (continued)

					2017
	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	10,032,665	53,798,088	5,151,303	2,714,837	71,696,893
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	(5,189,178)	(35,884,885)	(4,158,833)	(2,066,795)	(47,299,691)
Net carrying amount, end of year	\$ 4,843,487	\$ 17,913,203	\$ 992,470	\$ 648,042	\$ 24,397,202

Included in infrastructure are tangible capital assets under construction in the amount of \$10,445,583 (\$2,106,192 in 2017) that are not being amortized as they are not in use.

10. Inventories

	2018	2017
Materials and supplies	\$ 1,390	\$ 1,390
Fuel	202,069	191,841
	\$ 203,459	\$ 193,231

11. Indigenous Northern Affairs Canada (INAC) Revenue Reconciliation

	2018	2017
INAC cash release confirmation	\$ 19,178,555	\$ 13,191,724
Less: 2016 Tuition funds decommitted	-	(107,232)
Less: 2016 Emergency fuel funds decommitted	(30,000)	-
Less: 2017 Soil remediation funds decommitted	(34,950)	-
Less: 2018 Basic needs funds decommitted	(184,800)	-
Less: 2018 Special needs funds decommitted	(4,492)	-
Less: 2018 Summer work funds decommitted	(32,032)	-
Less: Current Year Deferred Revenue	(2,124,898)	(881,523)
Total INAC revenue reported	\$ 16,767,383	\$ 12,202,969

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

12. Replacement Reserves

	CMHC	FNIHB MAR	2018	2017
Balance, beginning of year	\$ 717,933	\$ 170,375	\$ 888,308	\$ 809,763
Allocations	130,703	29,803	160,506	94,515
Expenses	-	(57,833)	(57,833)	(15,970)
Balance, end of year	<u>\$ 848,636</u>	<u>\$ 142,345</u>	<u>\$ 990,981</u>	<u>\$ 888,308</u>

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:

	2018	2017
Investment in tangible capital assets	\$ 24,499,852	\$ 16,912,321
Current Funds (deficit)	(2,518,785)	163,396
Reserve Funds		
CMHC	848,636	717,933
MAR	142,345	170,375
	<u>\$ 22,972,048</u>	<u>\$ 17,964,025</u>

14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$74,857 (\$69,944 in 2017). 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.

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Notes to Consolidated Financial Statements

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15. Contingent Liabilities

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.

16. Comparative Figures

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

17. 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 including amortization.

18. Expense by Object

The following is a summary of expenses by object.

	<u>2018</u>	<u>2017</u>
Amortization	\$ 2,081,382	\$ 2,138,366
Interest	338,992	302,590
Other	15,401,786	11,963,848
Professional services	572,550	910,661
Rental expenditures	146,988	127,994
Salaries and benefits	6,402,147	5,892,549
Staff development	140	8,218
Supplies and services	1,255,205	1,493,241
	<u>\$ 26,199,190</u>	<u>\$ 22,837,467</u>

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Notes to Consolidated Financial Statements

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19. 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.

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Notes to Consolidated Financial Statements

For the year ended March 31, 2018

19. Segmented Information (continued)

	Mee-mee-wee-seepi & Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2018 Total
Revenue										
Federal	\$ 10,254,875	3,009,360	\$ 1,060,969	\$ 5,173,441	\$ 2,430,086	\$ 12,093	\$ 390,240	\$ -	\$ -	\$ 22,331,064
Sundry	7,341,817	50,000	717,239	120,261	71,733	1,053,741	564,518	-	(897,860)	9,021,449
Equity earnings	-	-	(145,300)	-	-	-	-	-	-	(145,300)
Total revenue	17,596,692	3,059,360	1,632,908	5,293,702	2,501,819	1,065,834	954,758	-	(897,860)	31,207,213
Expenses	9,561,082	2,981,150	2,610,529	1,310,741	2,284,959	507,314	920,584	-	(897,860)	19,278,499
Salaries and other	2,203,932	221,789	565,113	3,171,541	157,379	512,148	88,789	-	-	6,920,691
Total expenses	11,765,014	3,202,939	3,175,642	4,482,282	2,442,338	1,019,462	1,009,373	-	(897,860)	26,199,190
Annual surplus (deficit)	\$ 5,831,678	\$ (143,579)	\$ (1,542,734)	\$ 811,420	\$ 59,481	\$ 46,372	\$ (54,615)	\$ -	\$ -	\$ 5,008,023

	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2017 Total
Revenue										
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)
Total revenue	11,635,607	3,228,055	1,218,304	4,091,144	2,297,240	1,121,880	1,043,230	141,570	(538,454)	24,238,576
Expenses	7,438,483	2,976,781	2,699,189	1,095,569	2,325,476	465,601	964,909	118,101	(538,454)	17,545,655
Salaries and other	1,049,526	251,867	496,342	2,622,672	163,327	580,662	87,451	39,965	-	5,291,812
Total expenses	8,488,009	3,228,648	3,195,531	3,718,241	2,488,803	1,046,263	1,052,360	158,066	(538,454)	22,837,467
Annual surplus (deficit)	\$ 3,147,598	\$ (593)	\$ (1,977,227)	\$ 372,903	\$ (191,563)	\$ 75,617	\$ (9,130)	\$ (16,496)	\$ -	\$ 1,401,109