

BERENS RIVER FIRST NATION

Consolidated Financial Statements
For the year ended March 31, 2020

BERENS RIVER FIRST NATION

Consolidated Financial Statements

For the year ended March 31, 2020

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9

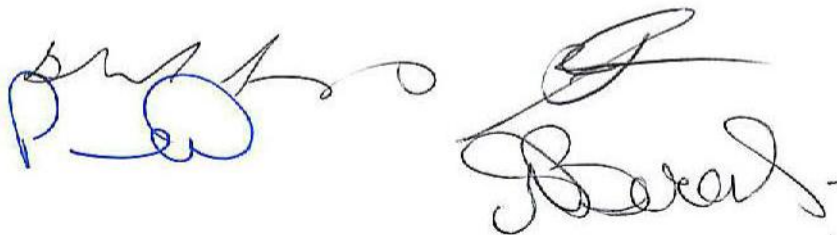
Management's Responsibility for Financial Reporting

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.





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Independent Auditor's Report

To the Members of Berens River First Nation

Qualified Opinion

We have audited the consolidated financial statements of Berens River First Nation and its components ("the First Nation") which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net debt and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020 and its results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Due to weaknesses in internal controls over the reporting of cash-based revenue and expenditures in the Berens River Gaming Commission and Berens River 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the First Nation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba
September 30, 2021

BERENS RIVER FIRST NATION

Consolidated Statement of Financial Position

March 31	2020	2019
Financial Assets		
Cash and bank	\$ 279,557	\$ 182,033
Restricted cash (Note 2)	99,095	460,035
Accounts receivable (Note 3)	2,574,446	3,553,231
Investments (Note 4)	11,451	1,681,485
	<u>2,964,549</u>	<u>5,876,784</u>
Liabilities		
Bank indebtedness (Note 5)	1,737,909	1,457,423
Accounts payable and accrued liabilities (Note 6)	2,783,965	4,901,331
Unexpended funding (Note 7)	3,059,546	3,104,976
Long-term debts and demand loans (Note 8)	12,072,052	7,858,565
	<u>19,653,472</u>	<u>17,322,295</u>
Net debt	<u>(16,688,923)</u>	<u>(11,445,511)</u>
Non-Financial Assets		
Tangible capital assets (Note 9)	32,844,461	31,798,318
Inventories (Note 10)	80,294	198,187
Prepaid expenses	7,208	68,708
	<u>32,931,963</u>	<u>32,065,213</u>
Accumulated surplus (Note 13)	\$ 16,243,040	\$ 20,619,702
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	2020		2019
	Budget	Actual	Actual
Revenue			
First Peoples Development Inc.	\$ 712,377	\$ 448,901	\$ 178,152
Health Canada	6,475,645	6,903,932	6,111,886
Indigenous Services Canada (Note 11)	6,662,149	12,521,047	13,512,272
Canada Mortgage and Housing Corporation	339,770	637,145	370,166
Gaming revenue	-	510,420	458,309
Province of Manitoba	250,000	136,981	272,277
Rental income	474,000	797,279	455,955
Fuel, gravel, barge fees, and sundry	2,005,663	3,858,201	2,465,487
Equity loss of subsidiary (Note 4)	(315,247)	-	(386,317)
	16,604,357	25,813,906	23,438,187
Expenses			
Medical services	6,069,951	5,918,509	4,923,280
Social services and development	3,113,821	3,371,430	3,150,524
Mee-Mee-Wee-Seepi Development Corp.	-	7,386,175	3,698,389
Education student services	1,729,909	2,076,788	1,707,334
Band support and administration	1,457,063	4,677,247	3,365,567
Band Support Building Capacity	-	49,987	-
Community water and waste services	1,247,210	1,771,061	1,493,666
ASETS Training & Employment	601,384	523,371	590,810
Housing Authority	496,007	784,451	841,372
Education local services	255,248	315,691	387,065
Education Admin Post Secondary	-	95,537	-
Capital and set programs	136,383	780,304	1,368,795
Nipi Marine Service Ltd.	-	-	2,000
Arena	223,388	147,199	187,248
Community contributions	177,000	481,579	479,078
Log Inn	103,480	112,326	110,262
Skills link	83,100	180,492	158,788
Indian registry	39,202	54,866	59,345
Elections	-	23,449	-
Family Violence	-	13,595	-
WNO consultations	-	-	12,800
Student transportation	-	-	75,345
Student services	73,200	62,024	88,978
Special funding	-	(359,312)	2,281,565
Fishing	-	8,558	-
SERDC - Water stewardship	-	60,000	5,921
Economic Development	-	150,479	-
Gaming Commission	-	238,560	65,528
INAC Community Based Initiative	-	289,602	-
COVID-19	-	38,495	-
Chess Program	-	126,663	-
Constable	-	49,939	60,948
Comprehensive Community Plan	66,652	55,386	77,972
Government Capacity Development	-	30,000	-
Community bingo	-	554,219	398,955
CIF	-	-	31,901
Band employee benefits	-	121,898	167,097
	15,872,998	30,190,568	25,790,533
Annual surplus (deficit)	\$ 731,359	(4,376,662)	(2,352,346)
Accumulated surplus, beginning of year		20,619,702	22,972,048
Accumulated surplus, end of year		\$ 16,243,040	\$ 20,619,702

BERENS RIVER FIRST NATION Consolidated Statement of Changes in Net Debt

For the year ended March 31		2020	2019
	Budget	Actual	Actual
Annual surplus (deficit)	\$ 731,359	\$ (4,376,662)	\$ (2,352,346)
Acquisition of tangible capital assets	-	(4,662,108)	(1,578,909)
Amortization of tangible capital assets	-	3,615,965	2,324,400
	<u>731,359</u>	<u>(5,422,805)</u>	<u>(1,606,855)</u>
Prepaid expenses	-	61,500	(57,814)
Inventories	-	117,893	5,272
Decrease (increase) in net debt	<u>\$ 731,359</u>	<u>(5,243,412)</u>	<u>(1,659,397)</u>
Net debt, beginning of year		<u>(11,445,511)</u>	<u>(9,786,114)</u>
Net debt, end of year		<u>\$ (16,688,923)</u>	<u>\$ (11,445,511)</u>

BERENS RIVER FIRST NATION

Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Cash Flows from Operating Activities		
Annual deficit	\$ (4,376,662)	\$ (2,352,346)
Adjustment for non-cash items:		
Amortization of tangible capital assets	3,615,965	2,324,400
Equity loss of subsidiary	-	386,317
	<u>(760,697)</u>	358,371
Changes in non-cash working capital balances:		
Accounts receivable	978,785	(1,027,390)
Inventories	117,893	5,272
Prepaid expenses	61,500	(57,814)
Accounts payable	(2,117,366)	(266,166)
Unexpended revenue	<u>(45,430)</u>	<u>(930,362)</u>
	<u>(1,765,315)</u>	<u>(1,918,089)</u>
Cash Flows from Capital Activities		
Purchase and construction of capital assets	<u>(4,662,108)</u>	<u>(1,578,909)</u>
Cash Flows from Investing Activities		
Proceeds of investments	<u>1,670,034</u>	<u>(665)</u>
Cash Flows from Financing Activities		
Proceeds of long-term debt	5,520,528	349,920
Repayment of long-term debt	<u>(1,307,041)</u>	<u>(535,312)</u>
	<u>4,213,487</u>	<u>(185,392)</u>
Decrease in cash	<u>(543,902)</u>	<u>(3,683,055)</u>
Cash (bank indebtedness), beginning of year	<u>(815,355)</u>	<u>2,867,700</u>
Bank indebtedness, end of year	<u>\$ (1,359,257)</u>	<u>\$ (815,355)</u>
Represented by		
Cash and bank	\$ 279,557	\$ 182,033
Restricted cash	99,095	460,035
Bank indebtedness	<u>(1,737,909)</u>	<u>(1,457,423)</u>
	<u>\$ (1,359,257)</u>	<u>\$ (815,355)</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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
Pigeon River Contractors Ltd.	100% owned - fully consolidated in 2020

Unincorporated Departments

Berens River Community Bingo
Berens River Gaming Commission

Investments

These prior year 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.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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

Investments (continued)

The following subsidiary's results of operations are included in these financial statements under the modified equity method for 2019 only:

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

Revenue Recognition

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

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

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.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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

Tangible Capital Assets

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

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

Pension Plans

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

Measurement Uncertainty

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

Restricted Cash

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

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.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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 Externally Restricted Reserves as follows:

	2020	2019
CMHC Replacement Reserve	\$ 518	\$ 365,117
ISC Trust	98,577	94,918
	\$ 99,095	\$ 460,035

ISC 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 Services Canada. The change in the trust balance during the year was as follows:

	2020	2019
Trust balance, beginning of year	\$ 94,918	\$ 90,234
Interest and fees earned	3,659	4,684
Trust balance, end of year	\$ 98,577	\$ 94,918

3. Accounts Receivable

	2020	2019
Trade	\$ 869,159	\$ 612,487
Due from (to) Pigeon River Contractors Ltd.	-	333,932
Allowance for doubtful accounts	(6,508)	(6,508)
Member receivables	79,435	43,424
	942,086	983,335
Indigenous Services Canada		
Receivable outstanding	1,525,438	2,453,872
CMHC	41,901	33,318
GST	65,021	82,706
	1,632,360	2,569,896
	\$ 2,574,446	\$ 3,553,231

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

4. Investments

The investment balance reported represents the following holdings:

	2020	2019
Shawano Wapunong Building Inc. loan at cost	\$ 11,451	\$ 13,951
Pigeon River Contractors Ltd., at modified equity	-	1,667,534
	\$ 11,451	\$ 1,681,485

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.

During the year Pigeon River Contractors Ltd. has been fully consolidated as it no longer met requirements for modified equity.

Summarized financial information for Pigeon River Contractors Ltd.:

	2019
Current assets	\$ 708,264
Long-term assets	1,637,442
Total assets	\$ 2,345,706
Current liabilities	\$ 678,172
Equity	1,667,534
Total equity and liabilities	\$ 2,345,706
	2019
Revenues	\$ 548,796
Expenses	935,113
Net loss	\$ (386,317)

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 \$- (\$521,725 in 2019) to the First Nation for rock crushing and brush clearing.
- As at year end \$- (\$333,932 in 2019) was due from Pigeon River Contractors Ltd. and included in accounts receivable.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

5. Bank Indebtedness

Included in bank indebtedness is a credit facility with an interest rate of prime plus 3.25% (effective rate 7.20%) and a limit of \$400,000. This credit facility was unutilized at year-end (unutilized in 2019).

6. Accounts Payable and Accrued Liabilities

	2020	2019
Trade	\$ 2,014,383	\$ 4,226,793
Accrued liabilities	398,617	393,938
Canada Revenue Agency	370,965	280,600
Total current accounts payable and accrued liabilities	<u>2,783,965</u>	<u>4,901,331</u>
Total accounts payable	<u>\$ 2,783,965</u>	<u>\$ 4,901,331</u>

7. Unexpended Funding

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

	ISC	2020	2019
Deferred revenue - opening	\$ 3,104,976	\$ 3,104,976	\$ 4,035,338
Add: Current year monies unspent	1,459,268	1,459,268	449,999
Add: Current year funds decommitted	-	-	68,000
Less: Previous year revenue recognized	(1,504,698)	(1,504,698)	(1,448,361)
	<u>\$ 3,059,546</u>	<u>\$ 3,059,546</u>	<u>\$ 3,104,976</u>

The balance of deferred revenue consists of the following:

Indigenous Services Canada	
2006 School Study	\$ 50,000
2017 Student Accommodations	655,663
2018 Decommited Basic Needs	184,799
2018 Decommited Special Needs	4,492
2018 Decommited Summer Work	32,033
2019 Feasibility Study	50,000
2019 Decommited Special Needs	25,516
2019 Decommited Family Violence	11,702
2019 Housing Extension	1,328,654
2019 Health	35,000
2019 COVID-19	70,099
	<u>2,447,958</u>
First Nation and Inuit Health Branch - AHTF	611,588
	<u>\$ 3,059,546</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

8. Long-term Debts and Demand Loans

	2020	2019
Mortgage payable at 1.30%, due December 1, 2020, repayable in monthly installments of \$2,066 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	\$ 248,682	\$ 270,094
Mortgage payable at 1.39%, due June 1, 2020, repayable in monthly installments of \$3,321 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	703,260	733,113
Mortgage payable at 1.82%, due September 1, 2024, repayable in monthly installments of \$4,691 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	243,073	294,441
RBC Mortgage payable at 2.35%, due March 1, 2022, repayable in monthly installments of \$2,908 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance (Section 10).	67,873	100,731
Mortgage payable at 2.02%, due May 1, 2020, repayable in monthly installments of \$5,456 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement, and assignment of fire insurance.	10,908	75,485
Mortgage payable at 1.86%, due August 1, 2022, repayable in monthly installments of \$4,964 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	403,813	455,357
Mortgage payable at 1.44%, due February 1, 2022, repayable in monthly installments of \$2,927 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	384,418	413,775
Mortgage payable at 1.04%, due October 1, 2020, repayable in monthly installments of \$2,321 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	394,676	418,290
Carried forward	\$ 2,456,703	\$ 2,761,286

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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

	2020	2019
Brought forward	\$ 2,456,703	\$ 2,761,286
Mortgage payable at 2.50%, due June 1, 2023, repayable in monthly installments of \$1,658 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	224,403	238,514
Mortgage payable at 2.22%, due January 1, 2024, repayable in monthly installments of \$3,612 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	513,455	545,040
Mortgage payable at 2.39%, due March 1, 2023, repayable in monthly installments of \$3,519 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	615,551	642,749
Mortgage payable at 1.13%, due July 1, 2021, repayable in monthly installments of \$3,046 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	692,856	721,407
Mortgage payable at 2.68%, due October 1, 2023, repayable in monthly installments of \$4,694 principal and interest, secured by an ISC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	824,801	858,603
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.	-	170,000
First Nation Bank term facility at prime plus 2.45% (effective rate 5.90%, that has not been fully dispersed.	1,004,250	1,055,607
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.	29,673	155,771
First Peoples Economic Growth Fund Inc. term facility at no interest due on May 1, 2020, repayable in monthly principal payments of \$6,667.	-	93,333
Carried forward	\$ 6,361,692	\$ 7,242,310

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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

	2020	2019
Brought forward	\$ 6,361,692	\$ 7,242,310
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.	408,472	449,579
First Nation Bank term facility at fixed rate of 5.93% due July 1, 2022, repayable in monthly principal and interest payments of \$1,158.	33,979	45,480
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.	90,523	121,196
First Nation Bank term facility at fixed rate of 5.93% due November 1, 2022, repayable in monthly principal and interest payments of \$42,429.	1,885,887	-
First Nation Bank term facility at variable rate of prime plus 2.15% (4.6% - 2020) due February 1, 2024, repayable in monthly principal and interest payments of \$7,185.	1,027,500	-
First Nation Bank term facility at fixed rate of 5.70% due November 1, 2022, repayable in monthly principal and interest payments of \$9,369.	632,159	-
Mortgage payable at 2.06%, due January 1, 2025 repayable in monthly instalments of \$8,352 principal and interest, secured by an INAC Ministerial Guarantee, supported by the CMHC insurance and loan agreement and assignment of fire insurance.	1,631,840	-
	\$ 12,072,052	\$ 7,858,565

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

2021	\$ 3,619,553
2022	1,957,718
2023	2,803,108
2024	1,963,045
2025	447,248
Thereafter	1,281,380
	\$ 12,072,052

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

9. Tangible Capital Assets

	2020				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 14,242,720	\$ 60,244,485	\$ 5,605,240	\$ 3,411,347	\$ 83,503,792
Additions	120	2,872,227	1,789,761	-	4,662,108
Cost, end of year	14,242,840	63,116,712	7,395,001	3,411,347	88,165,900
Accumulated amount, beginning of year	(5,665,018)	(38,980,153)	(4,591,804)	(2,468,499)	(51,705,474)
Amortization	(470,212)	(1,921,089)	(1,050,746)	(173,918)	(3,615,965)
Accumulated amount, end of year	(6,135,230)	(40,901,242)	(5,642,550)	(2,642,417)	(55,321,439)
Net carrying amount, end of year	\$ 8,107,610	\$ 22,215,470	\$ 1,752,451	\$ 768,930	\$ 32,844,461

	2019				
	Infrastructure	Buildings	Equipment	Automotive	Total
Cost, beginning of year	\$ 18,372,057	\$ 54,736,635	\$ 5,495,909	\$ 3,320,282	\$ 81,924,883
Additions	(4,129,337)	5,507,850	109,331	91,065	1,578,909
Cost, end of year	14,242,720	60,244,485	5,605,240	3,411,347	83,503,792
Accumulated amount, beginning of year	(5,348,145)	(37,375,788)	(4,389,818)	(2,267,323)	(49,381,074)
Amortization	(316,873)	(1,604,365)	(201,986)	(201,176)	(2,324,400)
Accumulated amount, end of year	(5,665,018)	(38,980,153)	(4,591,804)	(2,468,499)	(51,705,474)
Net carrying amount, end of year	\$ 8,577,702	\$ 21,264,332	\$ 1,013,436	\$ 942,848	\$ 31,798,318

Included in infrastructure are tangible capital assets under construction in the amount of \$Nil (Nil in 2019) that are not being amortized as they are not in use.

10. Inventories

	2020	2019
Materials and supplies	\$ 1,390	\$ 1,390
Fuel	78,904	196,797
	\$ 80,294	\$ 198,187

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

11. Indigenous Services Canada (ISC) Revenue Reconciliation

	<u>2020</u>	<u>2019</u>
ISC cash release confirmation	\$ 13,980,315	\$ 14,089,483
Less: Emergency fuel funds decommitted	-	(55,977)
Less: Soil remediation funds decommitted	-	(3,235)
Less: Special needs funds decommitted	-	(22,359)
Less: In home care funds decommitted	-	(3,235)
Less: Basic needs funds decommitted	-	(30,383)
Less: Summer work funds decommitted	-	(321)
Less: Family violence	-	(11,702)
Less: Current year deferred revenue	<u>(1,459,268)</u>	<u>(449,999)</u>
Total ISC revenue reported	<u>\$ 12,521,047</u>	<u>\$ 13,512,272</u>

12. Replacement Reserves

	<u>CMHC</u>	<u>FNIHB MAR</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 923,616	\$ 173,042	\$1,096,658	\$ 990,981
Allocations	8,000	31,311	39,311	105,677
Expenses	<u>(135,590)</u>	<u>-</u>	<u>(135,590)</u>	<u>-</u>
Balance, end of year	<u>\$ 796,026</u>	<u>\$ 204,353</u>	<u>\$1,000,379</u>	<u>\$1,096,658</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:

	<u>2020</u>	<u>2019</u>
Investment in tangible capital assets	\$ 20,772,409	\$ 23,939,753
Current Funds (deficit)	<u>(5,529,748)</u>	<u>(4,416,709)</u>
Reserve Funds		
CMHC	796,026	923,616
MAR	<u>204,353</u>	<u>173,042</u>
	<u>\$ 16,243,040</u>	<u>\$ 20,619,702</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

14. Defined Contribution Pension Plan

The expense for the First Nation's pension plan for the year was \$98,837 (\$87,938 in 2019). 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

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, liabilities related to these costs have not 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.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

18. Expense by Object

The following is a summary of expenses by object.

	<u>2020</u>	<u>2019</u>
Amortization	\$ 2,479,645	\$ 2,324,399
Interest	528,744	325,313
Other	16,317,884	13,496,218
Professional services	570,633	610,008
Rental expenditures	231,434	117,451
Salaries and benefits	8,234,220	7,332,990
Staff development	-	56,949
Supplies and services	1,828,008	1,608,802
	<u>\$ 30,190,568</u>	<u>\$ 25,872,130</u>

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

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.

BERENS RIVER FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2020

19. Segmented Information (continued)

	Mee-mee-wee-seepi & Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2020 Total
Revenue										
Federal	\$ 4,508,584	2,763,678	\$ 950,639	\$ 6,942,427	\$ 3,024,839	\$ 932,070	\$ 1,388,788	\$ -	\$ -	\$20,511,025
Sundry	5,255,520	301,754	483,111	156,828	(42,000)	460,916	518,995	555,420	(2,387,663)	5,302,881
Equity earnings	-	-	-	-	-	-	-	-	-	-
Total revenue	9,764,104	3,065,432	1,433,750	7,099,255	2,982,839	1,392,986	1,907,783	555,420	(2,387,663)	25,813,906
Expenses	10,439,607	2,127,637	3,913,763	1,937,813	2,442,153	408,985	1,583,238	666,963	(2,387,663)	21,132,496
Salaries and other	2,782,085	288,663	1,020,235	4,019,191	45,863	686,499	89,720	125,816	-	9,058,072
Total expenses	13,221,692	2,416,300	4,933,998	5,957,004	2,488,016	1,095,484	1,672,958	792,779	(2,387,663)	30,190,568
Annual surplus (deficit)	\$ (3,457,588)	\$ 649,132	\$ (3,500,248)	\$ 1,142,251	\$ 494,823	\$ 297,502	\$ 234,825	\$ (237,359)	\$ -	\$ (4,376,662)

	Public Works	Social Development	Finance & Administration	Health Services	Education	Training & Development	Housing	Gaming	Eliminations	2019 Total
Revenue										
Federal	\$ 5,272,991	\$ 3,763,932	\$ 1,248,014	\$ 6,111,886	\$ 2,908,523	\$ 136,723	\$ 370,166	-	\$ -	\$ 19,812,235
Sundry	3,675,437		457,154	166,279	67,885	361,791	515,048	458,309	(1,608,037)	4,093,866
Equity earnings	-	-	(386,317)	-	-	-	-	-	-	(386,317)
Total revenue	8,948,428	3,763,932	1,318,851	6,278,165	2,976,408	498,514	885,214	458,309	(1,608,037)	23,519,784
Expenses	7,596,508	3,192,535	3,405,420	1,423,383	2,108,345	472,839	860,616	441,169	(1,608,037)	17,892,778
Salaries and other	2,499,505	195,484	930,400	3,499,897	142,996	552,985	91,018	67,067	-	7,979,352
Total expenses	10,096,013	3,388,019	4,335,820	4,923,280	2,251,341	1,025,824	951,634	508,236	(1,608,037)	25,872,130
Annual surplus (deficit)	\$ (1,147,585)	\$ 375,913	\$ (3,016,969)	\$ 1,354,885	\$ 725,067	\$ (527,310)	\$ (66,420)	(49,927)	\$ -	\$ (2,352,346)