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BLOODVEIN FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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# BLOODVEIN FIRST NATION

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MARCH 31, 2020

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Bloodvein First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

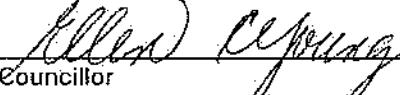
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

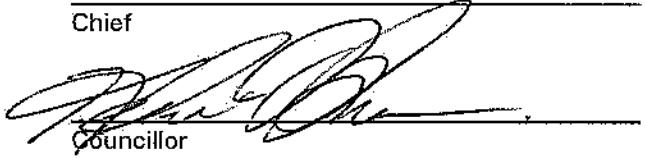
Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

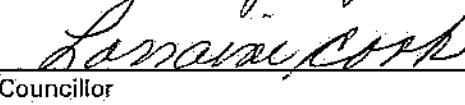
Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

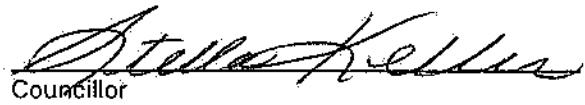
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Bloodvein First Nation and meet when required.

  
Chief

  
Allen Cepusay  
Councillor

  
Councillor

  
Lorraine Cook  
Councillor

  
Councillor

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## **INDEPENDENT AUDITOR'S REPORT**

To the Chief, Council and Membership  
Bloodvein First Nation

### **Opinion**

We have audited the consolidated financial statements of Bloodvein First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bloodvein First Nation as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

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 Bloodvein 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing Bloodvein 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 Bloodvein First Nation or to cease operations, or has no realistic alternative but to do so.

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

*(continued.....)*

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Bloodvein 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 Bloodvein 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 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 Bloodvein First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
January 31, 2022

**BLOODVEIN FIRST NATION**

STATEMENT 1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

MARCH 31

**2020****2019****FINANCIAL ASSETS**

Cash - unrestricted	\$ 5,273,967	\$ 261,720
Restricted cash (Note 3)	559,890	423,814
Accounts receivable (Note 4)	1,355,112	1,398,580
Long term investments (Note 5)	<u>2,722,179</u>	<u>3,298,911</u>
	<b>9,911,148</b>	<b>5,383,025</b>

**LIABILITIES**

Accounts payable and accrued liabilities (Note 6)	1,779,160	968,756
Deferred revenue (Note 7)	5,467,423	1,454,059
Long term debt (Note 8)	<u>8,549,961</u>	<u>7,768,984</u>
	<b>15,796,544</b>	<b>10,191,799</b>
NET DEBT	<b>( 5,885,396)</b>	<b>( 4,808,774)</b>

**NON-FINANCIAL ASSETS**

Tangible capital assets (Note 9)	19,438,488	19,349,938
Construction in progress (Note 10)	3,885,610	216,173
Prepaid expenses	<u>22,169</u>	<u>18,195</u>
	<b>23,346,267</b>	<b>19,584,306</b>
ACCUMULATED SURPLUS (Note 11)	<b>\$ 17,460,871</b>	<b>\$ 14,775,532</b>

**CONTINGENT LIABILITIES (Note 12)**

Approved on behalf of Chief and Council

Chief

Councillor

Councillor

Councillor

Councillor

# BLOODVEIN FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
<b>REVENUE</b>			
Indigenous Services Canada (ISC) <i>(Note 13)</i>	\$ 5,404,692	\$ 11,995,321	\$ 4,495,134
Indigenous Services Canada (ISC)			
- funding recoveries		( 764)	
Indigenous Services Canada (ISC)			
- forgiveness of debt			108,737
First Nations and Inuit Health Branch (FNIHB)			
<i>(Note 14)</i>	2,765,581	2,812,342	2,203,558
Canada Mortgage and Housing Corporation (CMHC)	286,316	485,039	459,785
Private funds	136,217	637,696	672,870
Sales - fuel farm		634,237	582,204
South Beach Casino Limited Partnership - net	750,000	284,400	762,146
Rental and user fees	253,519	270,493	354,745
Norwin Construction Ltd.		216,384	151,676
Manitoba Hydro		136,925	649,503
Assembly of Manitoba Chiefs		81,985	
Manitoba First Nation Education Resource Centre	70,000	69,220	70,780
Southeast Resource Development Council Corp.	39,519	33,965	40,865
Province of Manitoba	25,783	25,982	25,749
Canada Post	16,082	14,418	16,082
Equipment rental and other own source			964,223
Contribution from BFN Construction Inc.			672,841
Employment and Social Development Canada			147,298
Deferred from prior year		1,454,059	273,904
Deferred to following year	<u>24,200</u>	<u>( 5,467,423)</u>	<u>( 1,454,059)</u>
	<u>9,771,909</u>	<u>13,685,043</u>	<u>11,197,277</u>
<b>EXPENDITURES</b>			
Administration	522,468	1,380,511	1,684,975
Capital Projects	49,776	576,669	240,321
Economic Development	792,900	1,436,744	1,345,928
Education	73,324	315,482	322,475
Employment and Training	206,698	198,080	290,664
First Nation Programs	140,983	353,496	1,346,035
Health	2,410,784	2,483,593	2,047,352
Housing	580,159	749,461	716,882
Operations and Maintenance	562,913	1,393,089	1,877,915
Social Assistance	<u>2,642,912</u>	<u>2,112,579</u>	<u>1,941,430</u>
	<u>7,982,917</u>	<u>10,999,704</u>	<u>11,813,977</u>
ANNUAL SURPLUS (DEFICIT)	1,788,992	2,685,339	( 616,700)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>14,775,532</u>	<u>14,775,532</u>	<u>15,392,232</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 16,564,524</u>	<u>\$ 17,460,871</u>	<u>\$ 14,775,532</u>

# BLOODVEIN FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
Annual surplus (deficit)	\$ 1,788,992	\$ 2,685,339	\$( 616,700)
Acquisition of tangible capital assets		( 1,929,293)	( 1,107,994)
Amortization of tangible capital assets		1,840,743	1,788,097
Acquisition of construction in progress	_____ -	( 3,940,292)	( 216,173)
Transfer of construction in progress to tangible capital assets	_____ -	270,855	_____ -
	_____ -	( 3,757,987)	463,930
Acquisition of prepaid expenses		( 22,169)	( 18,195)
Use of prepaid expenses	_____ -	18,195	26,984
	_____ -	( 3,974)	8,789
(INCREASE) DECREASE IN NET DEBT FOR YEAR	1,788,992	( 1,076,622)	( 143,981)
NET DEBT, <i>beginning of year</i>	( 4,808,774)	( 4,808,774)	( 4,664,793)
NET DEBT, <i>end of year</i>	\$ ( 3,019,782)	\$ ( 5,885,396)	\$ ( 4,808,774)

# BLOODVEIN FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 0	2 0 1 9
<b>CASH FLOW FROM</b>		
<i>OPERATING ACTIVITIES</i>		
Cash received from Indigenous Services Canada (ISC) \$ 12,445,712 \$ 3,748,672		
Cash received from other sources	5,872,895	8,134,862
Cash paid to suppliers and employees	( 8,352,531)	( 10,081,447)
	<u>9,966,076</u>	<u>1,802,087</u>
<i>INVESTING ACTIVITIES</i>		
Acquisition of tangible capital assets ( 1,658,438) ( 1,107,994)		
Capital construction costs ( 3,940,292) ( 216,173)		
	<u>( 5,598,730)</u>	<u>( 1,324,167)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds of long term debt 1,467,275 216,173		
Repayment of long term debt ( 686,298) ( 635,271)		
	<u>780,977</u>	<u>( 419,098)</u>
NET INCREASE IN CASH DURING YEAR 5,148,323 58,822		
CASH, <i>beginning of year</i> 685,534 626,712		
CASH, <i>end of year</i>	<u>\$ 5,833,857</u>	<u>\$ 685,534</u>

Cash consists of the following:

Cash - unrestricted	\$ 5,273,967	\$ 261,720
Restricted cash	<u>559,890</u>	<u>423,814</u>
	<u>\$ 5,833,857</u>	<u>\$ 685,534</u>

# BLOODVEIN FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2020**

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### 1. NATURE OF OPERATIONS

The Bloodvein First Nation ("the First Nation") is located in the province of Manitoba and provides various services to its members.

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

### 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF PRESENTATION*

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompasses the following principles.

#### *REPORTING ENTITY*

The consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation.

#### *PRINCIPLES OF CONSOLIDATION*

All entities controlled by the First Nation are fully consolidated on a line-by-line basis except for the commercial enterprises that meet the definition of a government business enterprise, which are included in the consolidated financial statements using the modified equity method of accounting.

These consolidated financial statements combine the assets, liabilities, revenue and expenditures of the following entities and departments:

- Bloodvein First Nation
- Bloodvein First Nation Health Authority
- Bloodvein First Nation Housing Authority

All inter-entity balances have been eliminated on consolidation.

However, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Incorporated and unincorporated business entities which are owned and controlled by the First Nation but which are not dependent on the First Nation for their continuing operations are included in the consolidated financial statements using the modified equity method of accounting whereby only the First Nation's investment in the government business enterprise and the business enterprise's net income and other changes in equity are recorded.

The enterprise's accounting principles are not adjusted to conform to those of the First Nation.

Entities accounted for by the modified equity method include:

- South Beach Casino Limited Partnership (which includes South Beach Capital Partners Limited Partnership and South Beach Management Services Ltd.)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******ASSET CLASSIFICATION***

Assets are classified as either financial or non-financial.

Financial assets are assets that could be used to discharge existing liabilities or finance future operations.

Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale.

Non-financial assets include tangible capital assets, construction in progress and prepaid expenses.

***CASH - UNRESTRICTED***

Cash - unrestricted includes cash on hand, balances with banks net of bank overdrafts and short-term investments having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

***RESTRICTED CASH***

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***NET DEBT***

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position.

The net debt of the First Nation is determined by its liabilities less its financial assets.

Net debt is comprised of two components, non-financial assets and accumulated surplus.

***NON-FINANCIAL ASSETS***

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods.

These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

***LONG-LIVED ASSETS***

Long-lived assets consist of tangible capital assets.

Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable.

Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount.

Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value.

Any impairment is included in the statement of operations and accumulated surplus for the year in which the asset becomes impaired.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******TANGIBLE CAPITAL ASSETS***

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets acquired are reported at net book value.

Residential buildings acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized at a rate equivalent to the annual principal reduction in the related long term debt.

Assets under construction are not amortized until the asset is available to be put into service.

Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized at the same rate as the related asset.

Amortization of tangible capital assets is provided for on the declining balance basis at the following annual rates:

Environmental infrastructure	2.50%
Equipment	10 - 33%
Facilities	2.50 - 5%
Transportation infrastructure	2.50%
Vehicles	20%

Amortization is computed at one-half of the annual rate in the year of acquisition.

***REVENUE RECOGNITION***

Revenue is recognized in the year in which the transactions or events occurred that gave rise to the revenue.

All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when its estimation is impracticable.

Government transfer revenue which includes Indigenous Services Canada (ISC), First Nations and Inuit Health Branch (FNIHB) and Canada Mortgage and Housing Corporation (CMHC) is recognized as revenue when the transfer is authorized and any eligibility criteria under the terms of the applicable funding agreement are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******SEGMENTS***

The First Nation conducts its business through ten reportable segments as identified in Note 17.

These operating segments are established by senior management to facilitate the achievement of the First Nation's long term objectives to aid in resource allocation decisions, and to assess operational performance.

For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Basis of Presentation and Summary of Significant Accounting Policies.

***FINANCIAL INSTRUMENTS***

Financial instruments include cash, restricted cash, accounts receivable, long term investments, accounts payable and accrued liabilities, deferred revenue and long term debt.

Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments and the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

***FAIR VALUE***

Due to the short term nature of all financial instruments other than long term investments and long term debt, the carrying values as presented in the consolidated financial statements are reasonable estimates of fair value.

Management has estimated fair value by reference to established financial markets.

As is true for all estimates, actual fair value could differ from this estimate, and if so, any difference would be accounted for in the year in which it becomes known.

For long term investments and long term debt it is not practicable within the constraints of timeliness or cost to determine the fair value with sufficient reliability because the financial instruments are not traded in an organized financial market.

***USE OF ESTIMATES***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenditures during the reporting year.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization of tangible capital assets is provided for on the declining balance basis.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the year in which they become known.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****3. RESTRICTED CASH*****CAPITAL PROJECTS***

Capital projects funding provided by Indigenous Services Canada (ISC) whereby monies are held in a separate joint bank account with a contracted capital projects manager is restricted for project related expenditures as approved by ISC in accordance with the applicable agreement.

***CMHC REPLACEMENT RESERVE***

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$67,183 (March 31, 2019 - \$60,183).

The annual replacement reserve allocation for new CMHC housing projects during the year is pro-rated consistent with the interest adjustment date established for the corresponding mortgage.

These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

The funds in the account may only be used as approved by CMHC.

Expenditures are charged to accumulated interest first and then to principal.

As of March 31, 2020, the accumulated balance of \$531,385 (March 31, 2019 - \$537,905) in this reserve was underfunded by \$124,778 (March 31, 2019 - \$135,452) and due from operating.

***OTTAWA TRUST FUND***

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act.

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other First Nation tangible capital assets.

Capital trust monies are expended on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Chief and Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue Fund of the Government of Canada.

Revenue trust monies are, in most cases, managed and expended under the provisions of Sections 63 to 69 of the Indian Act.

	2 0 2 0	2 0 1 9
CMHC Replacement Reserve	\$ 406,606	\$ 402,452
Ottawa Trust Fund	22,643	21,362
Capital Project - Lake Winnipeg School Bundle	<u>130,641</u>	-
	<u><u>\$ 559,890</u></u>	<u><u>\$ 423,814</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 4. ACCOUNTS RECEIVABLE

	2 0 2 0	2 0 1 9
Indigenous Services Canada (ISC):		
Band Garage Repairs	\$ 100,824	\$ 100,824
Band Hall Repairs	43,372	43,372
Capital - Commercial Insurance Premiums	45,900	45,900
Capital - Housing Repairs	50,000	50,000
Covid-19	63,110	63,110
Enviromental Site Assessment	137,190	137,190
Firesmart	27,500	27,500
Insurance - Water Truck	2,000	2,000
MJR Reno's Extensions & Repair Housing Additions	20,579	20,579
Social - Basic Needs	179,892	179,892
Water Truck Purchase	- 428,271	147,184 878,662
Canada Mortgage and Housing Corporation (CMHC)	176,015	167,377
First Nations and Inuit Health Branch	25,040	25,040
Shawano Consulting	763	763
Trade and other	639,851	639,851
Band member advances	<u>85,172</u>	<u>60,035</u>
	<u>\$ 1,355,112</u>	<u>\$ 1,398,580</u>

## 5. LONG TERM INVESTMENTS

	2 0 2 0	2 0 1 9
South Beach Casino Limited Partnership	<u>\$ 2,722,179</u>	<u>\$ 3,298,911</u>

The First Nation's investment in South Beach Casino Limited Partnership (which includes South Beach Capital Partners Limited Partnership and South Beach Management Services Ltd.) represents a one-seventh ownership that was established for the purpose of operating a casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba.

The investment in this partnership is accounted for in accordance with the modified equity method.

The First Nation's investment in the partnership is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and withdrawals.

Summary information for South Beach Casino Limited Partnership has not been disclosed in the notes to these consolidated financial statements due to its sensitive nature.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Trade payables	\$ 181,819	\$ 339,944
Other payables - security deposits	1,600	1,600
Accrued interest payable	18,128	17,192
Accrued payroll and employee source deductions payable	101,195	47,827
Other accrued liabilities - capital projects	1,153,323	
Other accrued liabilities - operating	<u>323,095</u>	<u>562,193</u>
	<u>\$ 1,779,160</u>	<u>\$ 968,756</u>

## 7. DEFERRED REVENUE

	2 0 2 0	2 0 1 9
Indigenous Services Canada (ISC):		
Band Garage Repairs	\$	\$ 64,777
Band Hall Repairs		18,664
Capacity Innovation Program	46,953	
CMHC and Band Owned Housing	89,750	
Community Based Initiative	255,012	193,404
Community Building Capacity Enhancement	8,500	
Construction Lake Winnipeg School	3,502,978	
Construction: New Housing	273,000	
Covid 19	39,094	
Economic Development	245,620	
Education and Innovation	9,899	
Environmental Site Assessment No 1	83,190	83,190
Environmental Site Assessment No 2	54,000	54,000
Firesmart	27,500	
Housing Capacity Innovations		20,000
MJR Reno's Extensions & Repair Housing Additions	20,579	
Planning - Community Coordinator		22,539
Social - Basic Needs	212,604	352,192
Social - Special Needs	29,945	
Summer Work Experience	43,175	28,126
Youth and Employment	89,612	73,491
First Nations and Inuit Health Branch (FNIHB):		
Accreditation Services	89,538	59,538
Home and Community Care	24,183	
Climate Change	30,500	
Jordan's Principle Land Based	110,871	
Jordan's Principle - Respite Care	32,627	87,596
Medical Transportation	6,529	
Medical Transportation - Administration	9,779	
SCO - Community Health Liason	50,000	
Assembly of Manitoba Chiefs - ELLC Strategy	81,985	
Other	-	396,542
	<u>\$ 5,467,423</u>	<u>\$ 1,454,059</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 8. LONG TERM DEBT

2 0 2 0

2 0 1 9

CMHC mortgage #19 342 070 001, repayable in monthly installments of \$3,305 including interest at the rate of 1.46%, renews March 2022, matures July 2026.	\$ 239,791	\$ 275,662
CMHC mortgage #19 342 070 002, repayable in monthly installments of \$1,963 including interest at the rate of 1.84%, renews September 2022, matures September 2032.	263,015	281,557
CMHC mortgage #19 342 070 003, repayable in monthly installments of \$3,144 including interest at the rate of 2.50%, renews June 2023, matures May 2033.	423,279	450,094
CMHC mortgage #19 342 070 004, repayable in monthly installments of \$2,482 including interest at the rate of 1.69%, renews September 2024, matures July 2034.	379,072	402,099
CMHC mortgage #19 342 070 005, repayable in monthly installments of \$3,013 including interest at the rate of 1.14%, renews June 2021, matures July 2036.	538,785	568,620
CMHC mortgage #19 342 070 006, repayable in monthly installments of \$2,305 including interest at the rate of 1.31%, renews December 2021, matures October 2036.	412,282	434,391
CMHC mortgage #19 342 070 007, repayable in monthly installments of \$3,451 including interest at the rate of 2.04%, renews January 2023, matures January 2038.	619,019	647,508
CMHC mortgage #19 342 070 008, repayable in monthly installments of \$2,264 including interest at the rate of 1.77%, renews May 2020, matures November 2039.	451,130	470,137
CMHC mortgage #19 342 070 009, repayable in monthly installments of \$1,531 including interest at the rate of 1.30%, renews December 2020, matures November 2040.	334,197	348,127
CMHC mortgage #19 342 070 010, repayable in monthly installments of \$3,240 including interest at the rate of 1.11%, renews April 2021, matures April 2041.	730,755	761,339
CMHC mortgage #19 342 070 011, repayable in monthly installments of \$1,885 including interest at the rate of 2.41%, renews April 2023, matures April 2043.	400,620	413,439
CMHC mortgage #19 342 070 012, repayable in monthly installments of \$7,055 including interest at the rate of 1.87%, renews May 2024, matures May 2039.	1,363,683	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

8. LONG TERM DEBT *(continued)*

	2 0 2 0	2 0 1 9
First Nations Bank of Canada loan, repayable in fixed monthly installments of \$2,810 plus interest at the rate of 5.64%, renews May 2022, matures May 2037.	<b>578,799</b>	612,516
First Nations Bank of Canada loan, repayable in monthly installments of \$5,291 including interest at the rate of 4.07%, matures December 2029.	<b>510,175</b>	551,913
First Nations Bank of Canada loan, repayable in monthly installments of \$1,963 including interest at the rate of 3.49%, renews September 2024, matures September 2034.	<b>267,598</b>	281,794
First Nations Bank of Canada loan, repayable in monthly installments of \$1,450 including interest at the rate of 3.49%, renews September 2024, matures September 2034.	<b>197,770</b>	208,261
First Nations Bank of Canada loan, repayable in monthly installments of \$655 plus interest at the rate of prime (2.95%) plus 1.60%, renews September 2023, matures September 2033.	<b>106,164</b>	114,028
First Nations Bank of Canada loan, repayable in fixed annual installments of \$236,000 every November plus interest at the rate of prime (2.95%) plus 2.00%, matures December 2021.	<b>472,000</b>	708,000
First Nations Bank of Canada loan, repayable in monthly installments of \$1,129 plus interest at the rate of 5.08%, renews July 2024, matures July 2039.	<b>261,827</b>	<b>216,173</b>
First Nations Bank of Canada loan, repayable in fixed annual installments of \$23,326 every November plus interest at the rate of prime (2.95%) plus 1.60%, loan repaid in full December 2019.	—	23,326
Less current portion	<b>8,549,961</b>	7,768,984
	<b>684,841</b>	<b>629,576</b>
	<b><u>§ 7,865,120</u></b>	<b><u>§ 7,139,408</u></b>

CMHC mortgages are secured by a ministerial guarantee from the Minister of Indigenous Services Canada and an assignment of fire insurance and are insured by CMHC.

First Nations Bank of Canada loans are secured by a general security agreement, assignment of designated property, Band Council Resolutions authorizing the borrowing and assignment of all risks insurance.

The aggregate of principal payments required within the next five years to meet retirement provisions, assuming long term debt subject to refinancing is renewed, is estimated as follows:

March 31, 2021	\$ 684,841
2022	693,076
2023	465,518
2024	474,174
2025	<u>483,048</u>
	<u>§ 2,800,657</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 9. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions, Adjustments and Disposals	Closing Balance	Opening Balance	Amortization	Closing Balance	Total	Total
							2 0 2 0	2 0 1 9
CMHC housing	\$ 7,286,706	\$ 1,411,827	\$ 8,698,533	\$ 1,787,487	\$ 309,936	\$ 2,097,423	\$ 6,601,110	\$ 5,499,219
Environmental infrastructure	5,671,501		5,671,501	4,200,197	109,439	4,309,636	1,361,865	1,471,304
Equipment	1,135,700		1,135,700	354,381	86,000	440,381	695,319	781,319
Facilities	43,212,484	270,855	43,483,339	33,784,767	1,052,659	34,837,426	8,645,913	9,427,717
Land	1,716,192		1,716,192	488,207	106,972	595,179	1,121,013	1,227,985
Transportation infrastructure	2,021,273		2,021,273	1,394,004	32,503	1,426,507	594,766	627,269
Vehicles	2,936,692	246,611	3,183,303	2,621,567	143,234	2,764,801	418,502	315,125
	\$ 63,980,548	\$ 1,929,293	\$ 65,909,841	\$ 44,630,610	\$ 1,840,743	\$ 46,471,353	\$ 19,438,488	\$ 19,349,938

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 10. CONSTRUCTION IN PROGRESS

	2 0 2 0	2 0 1 9
Band garage renovation and upgrade	\$ 122,500	\$
Gravel project for roads	200,000	
Lake Winnipeg School bundle	2,763,110	216,173
New band owned housing units	<u>800,000</u>	-
	<u><u>\$ 3,885,610</u></u>	<u><u>\$ 216,173</u></u>

The costs of construction in progress for these projects will be transferred to tangible capital assets upon completion and subsequently amortized accordingly.

## 11. ACCUMULATED SURPLUS

	2 0 2 0	2 0 1 9
Accumulated deficit from operations	\$ (566,830)	\$ (858,411)
Equity in tangible capital assets and construction in progress	14,774,137	11,797,127
Equity in long term investments	2,722,179	3,298,911
Replacement reserve	<u>531,385</u>	<u>537,905</u>
	<u><u>\$ 17,460,871</u></u>	<u><u>\$ 14,775,532</u></u>

## 12. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs.

In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements.

At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2020 might be recovered.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

## 13. RECONCILIATION OF INDIGENOUS SERVICES CANADA (ISC) REVENUE

	2 0 2 0	2 0 1 9
ISC funding per agreement #1718-MB-000026 (MANITOBA)	<u>11,995,321</u>	<u>4,495,134</u>
Total ISC revenue per financial statements	<u><u>\$ 11,995,321</u></u>	<u><u>\$ 4,495,134</u></u>

## 14. RECONCILIATION OF FIRST NATIONS AND INUIT HEALTH BRANCH (FNIHB) REVENUE

	2 0 2 0	2 0 1 9
FNIHB funding per agreement #1617-MB-000002 (MANITOBA)	<u>2,812,342</u>	<u>2,203,558</u>
Total FNIHB revenue per financial statements	<u><u>\$ 2,812,342</u></u>	<u><u>\$ 2,203,558</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 15. ECONOMIC DEPENDENCE

Bloodvein First Nation receives a majority of its revenue from Indigenous Services Canada (ISC) and First Nations and Inuit Health Branch (FNIHB) pursuant to funding arrangements with the Government of Canada.

The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by the funding arrangements.

### 16. RELATED PARTY TRANSACTIONS

In the normal course of operations, the First Nation enters into transactions with related parties.

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and its related parties, aggregate revenue and expenditures derived from related party transactions is not determinable.

### 17. SEGMENTS

The First Nation has ten reportable segments.

These segments are differentiated by the major activities or services they provide.

The First Nation's segments are as follows:

**Administration** - activities include the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

**Capital projects** - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.

**Economic Development** - benefits include better access to more and larger businesses and business opportunities both within and beyond the community and a better economic environment.

**Education** - activities include overseeing many aspects of educational opportunities for community members at all levels of learning both within the community and externally.

**Employment and Training** - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

**First Nation Programs** - activities include the management and expenditure of revenue generated within the community.

**Health** - activities include the delivery of programs to promote community health and to address environmental issues and non-insured health benefits.

**Housing** - activities include the provision of residential housing opportunities for community members.

**Operations and Maintenance** - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges and related equipment and the provision of other more specialized community services.

**Social Assistance** - activities include satisfying the economic, social or health related needs of community members who require assistance.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****18. SIGNIFICANT EVENT**

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in economic downturn.

This outbreak may also cause staff shortages, reduced demand and increased government regulations or interventions, all of which may negatively impact the financial condition or results of operations of Bloodvein First Nation.

The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

**19. COMPARATIVE FIGURES**

Certain prior year comparative figures have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

**20. BUDGET INFORMATION**

The disclosed budget information has been approved by Chief and Council of Bloodvein First Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on those figures.

**21. EXPENDITURES BY OBJECT**

	<b>2 0 2 0</b>	<b>2 0 1 9</b>
Amortization	\$ 1,840,743	\$ 1,788,097
Insurance	245,381	256,267
Interest and bank charges	340,892	327,802
Professional fees	195,780	199,651
Purchased goods and services	1,108,311	1,238,750
Repairs and maintenance	1,187,949	2,146,274
Salaries and benefits	2,982,383	2,573,851
Social assistance	1,522,928	1,581,077
Supplies	512,187	806,773
Training and workshops	194,884	161,046
Travel	445,395	312,477
Utilities	<u>422,871</u>	<u>421,912</u>
	<u><b>\$ 10,999,704</b></u>	<u><b>\$ 11,813,977</b></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 20. SEGMENT DISCLOSURE

Bloodvein First Nation provides a range of services to its community members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the Basis of Presentation and Summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

	Administration		Capital Projects		Economic Development		Education		Employment and Training	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenue:</b>										
Federal Government										
ISC	\$ 381,125	\$ 455,508	\$ 6,972,542	\$ 559,044	\$ 245,620	\$	\$ 23,143	\$ 12,344	\$ 197,179	\$ 236,351
FNIHB	—	—	—	—	—	—	—	—	—	—
CMHC	—	—	—	—	—	—	—	—	—	—
<b>Subtotal</b>	<b>381,125</b>	<b>455,508</b>	<b>6,972,542</b>	<b>559,044</b>	<b>245,620</b>	<b>—</b>	<b>23,143</b>	<b>12,344</b>	<b>197,179</b>	<b>236,351</b>
Funding recoveries										
Forgiveness of debt										
Other revenue	291,108	947,700	70,588		681,285	945,300	147,272	38,076	17,962	166,726
Deferred from prior year			159,729	123,000					101,617	
Deferred to following year	—	—	(3,640,168)	(159,729)	(245,620)	—	(91,884)	—	(132,788)	(101,617)
<b>Total revenue</b>	<b>672,233</b>	<b>1,403,208</b>	<b>3,562,691</b>	<b>522,315</b>	<b>681,285</b>	<b>945,300</b>	<b>78,531</b>	<b>49,656</b>	<b>183,970</b>	<b>301,460</b>
<b>Expenditures:</b>										
Amortization	765,198	837,022			362,718	295,006	241,085	241,085		
Interest on long term debt	8,224				39,905	54,073	6,731	6,731		
Salaries, wages and benefits	339,585	371,654	75,201	49,722	152,330	71,136			173,852	268,580
Other	267,504	476,299	501,468	190,599	881,791	927,282	67,666	74,674	24,228	22,084
<b>Total expenditures</b>	<b>1,380,511</b>	<b>1,684,975</b>	<b>576,669</b>	<b>240,321</b>	<b>1,436,744</b>	<b>1,347,497</b>	<b>315,482</b>	<b>322,475</b>	<b>198,080</b>	<b>290,664</b>
<b>Annual Surplus (Deficit)</b>	<b>\$( 708,278)</b>	<b>\$( 281,767)</b>	<b>\$ 2,986,022</b>	<b>\$ 281,994</b>	<b>\$( 755,459)</b>	<b>\$( 402,197)</b>	<b>\$( 236,951)</b>	<b>\$( 272,819)</b>	<b>\$( 14,110)</b>	<b>\$ 10,796</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2020**

### 20. SEGMENT DISCLOSURE *(continued)*

	First Nation Programs		Health		Housing		Operations and Maintenance	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenue:</b>								
Federal Government								
ISC	\$ -	\$ -	\$ 2,812,342	\$ 2,203,558	\$ 1,190,320	\$ 20,000	\$ 744,739	\$ 583,830
FNIHB								
CMHC					\$ 485,039	\$ 580,958		
Subtotal	-	-	2,812,342	2,203,558	1,675,359	600,958	744,739	583,830
Funding recoveries								
Forgiveness of debt								
Other revenue	867,419	1,833,803	50,000	85,977	93,951	308,223	186,121	785,177
Deferred from prior year	396,542		147,134	79,319	20,000		83,441	71,585
Deferred to following year	-	(396,542)	(354,027)	(147,134)	(430,282)	(20,000)	(75,094)	(83,441)
Total revenue	<u>1,263,961</u>	<u>1,437,261</u>	<u>2,655,449</u>	<u>2,221,720</u>	<u>1,359,028</u>	<u>889,181</u>	<u>939,207</u>	<u>1,357,151</u>
<b>Expenditures:</b>								
Amortization			48,867	43,836	309,937	254,708	112,940	116,440
Interest on long term debt	55,207	53,137	58		134,828	117,937	95,939	95,939
Salaries, wages and benefits	104,282	102,772	1,594,528	1,301,212	15,647	201,812	400,647	219,528
Other	194,007	1,188,557	840,140	702,304	289,049	263,598	783,563	1,446,008
Total expenditures	<u>353,496</u>	<u>1,344,466</u>	<u>2,483,593</u>	<u>2,047,352</u>	<u>749,461</u>	<u>838,055</u>	<u>1,393,089</u>	<u>1,877,915</u>
Annual Surplus (Deficit)	<u>\$ 910,465</u>	<u>\$ 92,795</u>	<u>\$ 171,856</u>	<u>\$ 174,368</u>	<u>\$ 609,567</u>	<u>\$ 51,126</u>	<u>\$ (453,882)</u>	<u>\$ (520,764)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2020**

### 20. SEGMENT DISCLOSURE *(continued)*

		Social		TOTAL
		2020	2019	2019
				2018
Revenue:				
Federal Government				
ISC	\$ 2,240,653	\$ 2,628,057	\$ 11,995,321	\$ 4,495,134
FNIHB			2,812,342	2,203,558
CMHC			485,039	580,958
Subtotal	2,240,653	2,628,057	15,292,702	7,279,650
Funding recoveries				(764)
Forgiveness of debt		108,737		108,737
Other revenue			2,405,706	5,110,982
Deferred from prior year	545,596		1,454,059	273,904
Deferred to following year	(497,561)	(545,596)	(5,467,424)	(1,454,059)
Total revenue	2,288,688	2,191,198	13,685,043	11,318,450
Expenditures:				
Amortization			1,840,745	1,788,097
Interest on long term debt			340,892	327,802
Salaries, wages and benefits	126,314	108,608	2,982,386	2,695,024
Other	1,986,265	1,832,822	5,835,681	7,124,227
Total expenditures	2,112,579	1,941,430	10,999,704	11,935,150
Annual Surplus (Deficit)	\$ 176,109	\$ 249,768	\$ 2,685,339	\$( 616,700)