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LITTLE GRAND RAPIDS FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2015

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# LITTLE GRAND RAPIDS FIRST NATION

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MARCH 31, 2015

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

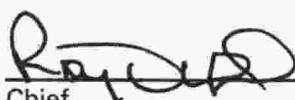
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

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.

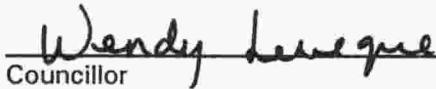
The First Nation's Chief and Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Management reviews the First Nation's financial statements with Chief and Council and recommends their approval. The 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 annual report, the financial statements and the external auditors' report.

The consolidated financial statements have been audited by Collins Barrow HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Collins Barrow HMA LLP have full and free access to the Management and Chief and Council.



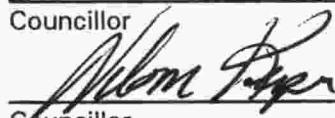
Chief



Councillor



Councillor



Councillor

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## INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership  
Little Grand Rapids First Nation

We have audited the accompanying consolidated financial statements of Little Grand Rapids First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Little Grand Rapids First Nation as at March 31, 2015, and its financial performance, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters

The prior year comparative figures were audited by another firm of Chartered Accountants who expressed a qualified opinion on the March 31, 2014 consolidated financial statements.

Collins Barrow HMA LLP  
CHARTERED ACCOUNTANTS

Winnipeg, Manitoba  
November 3, 2015

# LITTLE GRAND RAPIDS FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 1

YEAR ENDED MARCH 31

2015

2014

### FINANCIAL ASSETS

Cash	\$ 227,340	\$ 378,730
Accounts Receivable (Note 3)	1,870,183	795,393
Inventory (Note 4)	227,191	453,349
Long-term investments (Note 5)	70,000	70,000
Restricted cash (Note 6)	<u>83,478</u>	<u>408,447</u>
	<u>2,478,192</u>	<u>2,105,919</u>

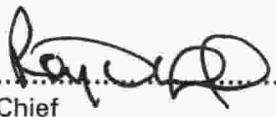
### LIABILITIES

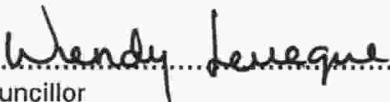
Accounts payable (Note 7)	2,490,458	3,415,395
Long-term debt (Note 8)	6,206,526	4,324,034
Deferred revenue (Note 9)	937,500	708,458
Capital lease obligations (Note 10)	<u>1,434,482</u>	<u>420,988</u>
	<u>11,068,966</u>	<u>8,868,875</u>
NET DEBT	<u>( 8,590,774)</u>	<u>( 6,762,956)</u>

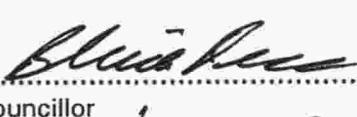
### NON-FINANCIAL ASSETS

Tangible capital assets (Note 11)	16,896,717	14,579,576
Construction in progress (Note 12)	942,835	1,197,715
Prepaid expenses	<u>7,240</u>	<u>10,000</u>
	<u>17,846,792</u>	<u>15,787,291</u>
ACCUMULATED SURPLUS	<u>\$ 9,256,018</u>	<u>\$ 9,024,335</u>

Approved by Chief and Council

  
Chief

  
Wendy Leregne  
Councillor

  
Councillor

  
Councillor

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

MARCH 31

	BUDGET (UNAUDITED)	2015	2014
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development Canada	\$ 8,057,506	\$ 12,409,016	\$ 10,829,193
First Nations and Inuit Health Branch	1,035,918	1,067,338	1,143,399
Employment and Social Development Canada	175,000	193,524	265,566
Canada Mortgage and Housing Corporation (CMHC)	207,381	198,941	206,378
Rental income	1,052,288	958,648	77,861
South Beach Casino	650,000	670,000	650,000
Province of Manitoba	788,625	529,515	765,320
Norwin Construction Co. Ltd.	200,000	200,413	226,025
Other revenue	896,279	938,646	337,868
AANDC recovery	( 126,454)	(126,454)	( 433,626)
FNIHB recovery	(44,000)	(44,000)	(48,021)
Deferred from prior year	708,458	708,458	981,187
Deferred to subsequent year	( 937,500)	(937,500)	( 708,458)
	<u>12,663,501</u>	<u>16,766,545</u>	<u>14,292,692</u>
<b>EXPENDITURES</b>			
Band Governance	2,332,968	2,960,750	2,347,251
Social assistance	3,288,412	3,727,660	3,347,197
Community Infrastructure	2,761,109	5,829,601	4,055,500
Community Wellness	1,029,803	1,037,696	1,082,624
Land Management	164,063	204,188	190,560
Housing	113,800	304,088	295,097
Education Authority	<u>2,720,059</u>	<u>2,470,879</u>	<u>2,663,222</u>
	<u>12,410,214</u>	<u>16,534,862</u>	<u>13,981,451</u>
ANNUAL SURPLUS	253,287	231,683	311,241
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>9,024,334</u>	<u>9,024,335</u>	<u>8,713,094</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 9,277,621</u>	<u>\$ 9,256,018</u>	<u>\$ 9,024,335</u>

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

MARCH 31

	BUDGET (UNAUDITED)	2015	2014
ANNUAL SURPLUS	\$ 253,287	\$ 231,683	\$ 311,241
Purchase of tangible capital assets	( 3,850,000)	( 3,851,810)	( 1,568,004)
Amortization of tangible capital assets	<u>1,250,000</u>	<u>1,534,669</u>	<u>1,262,237</u>
	( 2,600,000)	( 2,317,141)	( 305,767)
Acquisition of construction in progress	( 940,000)	( 942,835)	( 1,197,715)
Use of construction in progress	<u>1,197,715</u>	<u>1,197,715</u>	<u>817,177</u>
	<u>257,715</u>	<u>254,880</u>	<u>( 380,538)</u>
Acquisition of prepaid expenses	( 7,250)	( 7,240)	( 10,000)
Use of prepaid expenses	<u>10,000</u>	<u>10,000</u>	<u>-</u>
	<u>2,750</u>	<u>2,760</u>	<u>( 10,000)</u>
CHANGE IN NET DEBT FOR YEAR	( 2,086,248)	( 1,827,818)	( 385,064)
NET DEBT, <i>beginning of year</i>	<u>( 6,762,956)</u>	<u>( 6,762,956)</u>	<u>( 6,377,892)</u>
NET DEBT, <i>end of year</i>	<u>\$ ( 8,849,204)</u>	<u>\$ ( 8,590,774)</u>	<u>\$ ( 6,762,956)</u>

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Cash receipts from contributors	\$ 15,920,797	\$ 15,902,514
Cash paid to suppliers	(10,299,462)	( 8,392,924)
Cash paid to employees	( 5,172,867)	( 5,024,320)
Interest on long term debt	<u>( 223,882)</u>	<u>( 302,734)</u>
	<u>224,586</u>	<u>2,182,536</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	( 3,596,930)	( 1,948,541)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>16,300</u>
	<u>( 3,596,930)</u>	<u>( 1,932,241)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	2,098,375	526,325
Repayment of long-term debt	( 215,884)	( 323,457)
Proceeds from capital leases	1,088,548	423,834
Repayments of capital lease obligations	<u>( 75,054)</u>	<u>( 2,846)</u>
	<u>2,895,985</u>	<u>623,856</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	( 476,359)	874,151
CASH, <i>beginning of year</i>	<u>787,177</u>	<u>( 86,974)</u>
CASH, <i>end of year</i>	<u>\$ 310,818</u>	<u>\$ 787,177</u>
<b>CASH COMPRISED OF</b>		
Cash resources	\$ 227,340	\$ 378,730
Restricted cash	<u>83,478</u>	<u>408,447</u>
	<u>\$ 310,818</u>	<u>\$ 787,177</u>

# LITTLE GRAND RAPIDS FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

### 1. OPERATIONS

The Little Grand Rapids First Nation (the "First Nation") is located in the Province of Manitoba and provides various services to its members. The Little Grand Rapids First Nation financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

#### *REPORTING ENTITY*

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity. Trusts administered on behalf of third parties by Little Grand Rapids First Nation are excluded from the Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Little Grand Rapids First Nation Band Administration
- Little Grand Rapids First Nation Housing Authority
- Little Grand Rapids First Nation Education Authority
- Miishipaauitik Inc.

#### *BASIS OF PRESENTATION*

Revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of the legal obligation to pay.

#### *CASH*

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### *INVENTORY*

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted-average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

#### *FUNDS HELD IN OTTAWA TRUST*

Funds held in trust on behalf of Nation members by the Government of Canada on Ottawa Trust Fund are on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consists of:

- a) Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- b) Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *RESTRICTED CASH*

Restricted cash represents cash that is subject to external restrictions.

#### *CAPITAL LEASE*

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

#### *NET DEBT*

The 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 financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, 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 government unless they are sold.

#### *TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives:

Heavy equipment	10 years
Equipment	5-10 years
Band and CMHC housing	40 years
Infrastructure	30-40 years
Vehicles	3-5 years
Heavy equipment under capital lease	10 years

#### *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 value 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 value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year in which the asset becomes impaired.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *REVENUE RECOGNITION*

Government transfer revenue is recognized as it becomes receivable under the terms of applicable agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Other revenue is recognized by the First Nation when services are provided or goods are shipped. Tobacco tax rebates are recorded when the rebates have been earned from the Province of Manitoba.

#### *EMPLOYEE FUTURE BENEFITS*

The First Nation's employee future benefit program consists of a defined contribution pension plan. First Nation contributions to the defined contribution plan are expensed as incurred.

#### *LONG-TERM INVESTMENTS*

Long-term investments in entities that are not owned, controlled or significantly influenced by the First Nation are accounted for using the cost method. Long-term investments are recorded at cost, less a provision for other than temporary impairment.

#### *MEASUREMENT UNCERTAINTY*

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

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory for resale is stated after provisions are made for slow-moving or obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

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

#### *SEGMENTS*

The First Nation conducts its business through seven reportable segments as identified in Note 23. 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 reported segment, revenue and expenses 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 Significant Accounting Policies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts and advances receivable, long-term investments, restricted cash, bank indebtedness, accounts payable, term loans due on demand, capital lease obligations, and long-term debt. Unless otherwise stated, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless otherwise stated, the book value of the First Nation's financial assets and liabilities approximates their fair value due to the short-term maturities of the instruments. The fair value of the Nation's current long-term debt, term loans due on demand, and capital lease obligations are approximated by their carrying value as the terms and conditions of similar instruments are not materially different from those associated with the First Nation's current long-term debt, term loans due on demand, and capital lease obligations. It is not practical within the constraints of timeliness or cost to determine the fair value of the following long-term investments in Brokenhead River Casino Resort Limited Partnership.

## 3. ACCOUNTS RECEIVABLE

	2 0 1 5	2 0 1 4
Aboriginal Affairs and Northern Development Canada	\$ 1,649,358	\$ 261,227
First Nations and Inuit Health Branch (FNIHB)	2,829	
Advances to members	663,920	545,805
East Side Road Authority	121,392	129,058
Goods and services tax	25,127	40,346
Other	<u>74,306</u>	<u>483,905</u>
	2,534,103	1,463,170
Less: allowance for doubtful accounts	<u>( 663,920)</u>	<u>( 667,777)</u>
	<u>\$ 1,870,183</u>	<u>\$ 795,393</u>

## 4. INVENTORY

	2 0 1 5	2 0 1 4
Gravel	\$ 5,650	\$ 212,281
Fuel and supplies	<u>221,541</u>	<u>241,068</u>
	<u>\$ 227,191</u>	<u>\$ 453,349</u>

## 5. LONG TERM INVESTMENTS

	2 0 1 5	2 0 1 4
Brokenhead River Casino Resort Limited Partnership	<u>\$ 70,000</u>	<u>\$ 70,000</u>

The investment in Brokenhead River Casino Resort Limited Partnership represents one seventh ownership of the 100 units issued by this Partnership, which was formed to develop the casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 6. RESTRICTED CASH

	2 0 1 5	2 0 1 4
Ottawa Trust Fund	\$ 10,108	\$ 9,027
CMHC Reserves	3,536	393,809
East Side Road Authority	<u>69,834</u>	<u>5,611</u>
	<u><u>\$ 83,478</u></u>	<u><u>\$ 408,447</u></u>

*Ottawa Trust*

The Ottawa Trust Fund accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

*CMHC reserves*

As required as part of the First Nation's Canada Mortgage and Housing Corporation (CMHC) Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

Under the terms of the agreements with CMHC, excess federal assistance payments received must be retained in a subsidy surplus reserve. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. These funds in this account may only be used to meet future subsidy requirements of income-tested occupants.

*East Side Road Authority*

Miishipaaawiitik Inc., under the common control of Chief and Council of the First Nation, is only able to disburse its funds through cheques which require co-signature from a Province of Manitoba (East Side Road Authority) representative. These funds can only be used for expenditures agreed upon in the contracts entered into with East Side Road Authority.

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Trade payables	\$ 1,691,004	\$ 2,576,042
Payroll liabilities	103,434	210,080
Accrued liabilities	83,762	38,017
Aboriginal Affairs and Northern Development Canada (AANDC)	455,486	386,484
First Nations Inuit Health Branch (FNIHB)	<u>156,772</u>	<u>204,772</u>
	<u><u>\$ 2,490,458</u></u>	<u><u>\$ 3,415,395</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 8. LONG TERM DEBT

*Canada Mortgage and Housing Corporation*

Mortgage payable in monthly installments of \$4,674 including interest at 1.71%, matures September 2032, next renewal date is September 2017, secured by ministerial guarantee and a first charge on insurance.

2 0 1 5

\$ 848,064 \$ 889,313

Mortgage payable in monthly installments of \$2,361 including interest at 1.88%, matures June 2028, next renewal date is July 2018, secured by ministerial guarantee and a first charge on insurance.

332,203 354,089

Mortgage payable in monthly installments of \$7,170 including interest at 2.11%, matures November 2033, next renewal date is January 2019, secured by ministerial guarantee and a first charge on insurance.

1,327,495 1,384,982

Mortgage payable in monthly installments of \$1,879 including interest at 1.85%, matures June 2034, next renewal date is August 2019, secured by ministerial guarantee and a first charge on insurance.

365,120 380,550

Mortgage payable in monthly installments of \$3,347 including interest at 1.67%, matures October 2037, next renewal date is October 2017, secured by ministerial guarantee and a first charge on insurance.

754,030 781,390

*First Nations Bank of Canada*

Term loan payable in monthly installments of \$2,655 including interest at 4.95%, matures October 2038, secured by band housing.

441,238 451,210

Term loan repaid during the year.

22,500

Term loan due on demand including interest at prime rate plus 3.20%, secured by annual South Beach Casino and Resort dividends.

139,643

Term loan due on demand including interest at prime rate plus 3.20%, secured by Band Council Resolution.

801,250

Term loan due on demand including interest at prime rate plus 2.25% secured by Band Council Resolution and ministerial guarantee.

241,854

Term loan payable in monthly installments of \$737 including interest at 5.25%, matures February 2020, secured by Band Council Resolutions and ministerial guarantee.

38,825

Term loan due on demand including interest at prime rate plus 2.25%, secured by Band Council Resolution and ministerial guarantee.

169,350 -

Subtotal

5,459,072 4,264,034

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

8. LONG TERM DEBT (*continued*)

	2015	2014
Subtotal from previous page	<b>5,459,072</b>	4,264,034
Term loan due on demand including interest at prime rate plus 2.25%, secured by Band Council Resolution and ministerial guarantee - \$100,000 repayable from 2015 AANDC capital and remaining balance from casino dividends from 2015 to 2019.	161,854	
Term loan due on demand including interest at prime rate plus 2.25%, secured by Band Council Resolutions and ministerial guarantee - \$210,000 repayable from 2015 AANDC capital and the balance from casino dividends from 2015 to 2019.	545,600	
Term loan due on demand, interest-free payable in annual installments of \$20,000, maturing January 2017, secured by General Security Agreement and signed Band Council Resolution.	<u>40,000</u>	<u>60,000</u>
	<u><b>\$ 6,206,526</b></u>	<u><b>\$ 4,324,034</b></u>

Principal repayment terms are approximately:

2016	\$ 203,766
2017	207,806
2018	191,952
2019	196,207
2020	200,336
Thereafter	<u>5,026,458</u>
	<u><b>\$ 6,026,525</b></u>

## 9. DEFERRED REVENUE

	2015	2014
AANDC - Community Infrastructure	\$ 937,500	\$ 655,900
AANDC - Education Authority	<u>-</u>	<u>52,558</u>
	<u><b>\$ 937,500</b></u>	<u><b>\$ 708,458</b></u>

The First Nation has received funding from AANDC for the purpose of construction of the Water Treatment Plant. The project was not completed as at March 31, 2015 resulting in \$937,500 of AANDC funding being deferred to subsequent year. The estimated total cost of the project and date of completion is unknown at this time. The project is expected to be funded by AANDC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

## 10. CAPITAL LEASE OBLIGATIONS

2015

2014

Capital lease obligation, payable in monthly installments of \$4,510 including interest at 9.24%, due February 2019, secured by heavy equipment with a net book value of \$209,868

177,275

213,188

Capital lease obligation, payable in monthly installments of \$5,491 including interest at 12.18%, due April 2018, secured by heavy equipment with a net book value of \$190,240

168,659

207,800

Capital lease obligation, payable in monthly installments of \$1,252 including interest at 10.85%, due September 2018, secured by heavy equipment with a net book value of \$39,600

44,000

Capital lease obligation, payable in monthly installments of \$3,854 including interest at 15.90%, due September 2018, secured by heavy equipment with a net book value of \$130,950

123,750

Capital lease obligation, payable in monthly installments of \$8,709 including interest at 9.30%, due March 2020, secured by heavy equipment with a net book value of \$442,596

416,685

Capital lease obligation, payable in monthly installments of \$7,300 including interest at 11.87%, due May 2020, secured by heavy equipment with a net book value of \$361,728

354,999

Capital lease obligation, payable in monthly installments of \$4,175 including interest at 15.33%, due March 2019, secured by heavy equipment with a net book value of \$165,703

149,114

-

\$ 1,434,482 \$ 420,988

Future minimum lease payments related to capital lease obligations are as follows:

2016	\$ 419,327
2017	423,502
2018	423,481
2019	322,461
2020	196,288
2021	47,433
	1,832,492
Less: imputed interest	(398,010)
	\$ 1,434,482

# LITTLE GRAND RAPIDS FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

### 11. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	2015	2014
Heavy equipment	\$ 2,827,515	\$	\$ 2,827,515	\$ 2,167,767	\$ 282,752	\$ 2,450,519	\$ 376,996	\$ 659,748
Equipment	107,358		107,358	65,381	10,737	76,118	31,240	41,977
Band Housing	1,937,686	1,189,415	3,127,101	142,923	92,230	235,153	2,891,948	1,794,763
Infrastructure	15,425,263	233,768	15,659,031	8,667,793	501,284	9,169,077	6,489,954	6,757,470
Vehicles	1,363,413	312,497	1,675,910	1,295,172	310,775	1,605,947	69,963	68,241
CMHC housing	5,557,121		5,557,121	749,865	138,928	888,793	4,668,328	4,807,256
CFS Housing		848,823	848,823		21,220	21,220	827,603	
Heavy equipment under capital lease	500,134	1,267,307	1,767,441	50,013	176,743	226,756	1,540,685	450,121
	<u>\$ 27,718,490</u>	<u>\$ 3,851,810</u>	<u>\$ 31,570,300</u>	<u>\$ 13,138,914</u>	<u>\$ 1,534,669</u>	<u>\$ 14,673,583</u>	<u>\$ 16,896,717</u>	<u>\$ 14,579,576</u>

**12. CONSTRUCTION IN PROGRESS**

During the year, Little Grand Rapids First Nation was involved in the construction of the Water Treatment Plant. Total costs of \$942,835 incurred as at March 31, 2015 are deferred until the subsequent year. Upon completion all related costs will form a part of the tangible capital assets.

**13. ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA (AANDC) FUNDING RECONCILIATION**

	2 0 1 5	2 0 1 4
AANDC funding per financial statements	\$ 12,179,974	\$ 11,101,922
Less: prior year deferred revenue	( 708,458)	( 981,187)
Add: current year deferred revenue	<u>937,500</u>	<u>708,458</u>
AANDC funding per funding confirmation	<u><u>\$ 12,409,016</u></u>	<u><u>\$ 10,829,193</u></u>

**14. FIRST NATIONS AND INUIT HEALTH BRANCH (FNIHB) FUNDING RECONCILIATION**

	2 0 1 5	2 0 1 4
FNIHB funding per financial statements	\$ 1,067,338	\$ 1,143,399
Add: de-committed funding for Home and Community Care	<u>-</u>	<u>108,584</u>
FNIHB funding per funding confirmation	<u><u>\$ 1,067,338</u></u>	<u><u>\$ 1,251,983</u></u>

**15. ECONOMIC DEPENDENCE**

Little Grand Rapids First Nation receives the majority of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) and First Nations and Inuit Health Branch (FNIHB) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC and FNIHB under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**16. CONTINGENT FUNDING RECOVERIES**

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2015 might be recovered by the agencies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

### 17. SEGMENTS

The First Nation has seven reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

**Band Governance** - includes administration and governance activities.

**Community Infrastructure** - include activities for the maintenance of the community and its infrastructure.

**Social Assistance** - activities include delivering social programs.

**Education Authority** - includes the operations of education programs.

**Land Management** - includes activities for the development of the First Nation's land.

**Community Wellness** - reports on the First Nation's funding related to health and wellness.

**Housing** - includes activities related to the development and sustainment of on-reserve housing.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

### 18. CONSOLIDATED EXPENSES BY OBJECT

	2015	2014
Amortization	\$ 1,534,669	\$ 1,262,237
Bad debts (recovery)	114,413	( 160,521)
Bank charges and interest	223,882	302,734
Compensation	5,172,867	5,165,853
Purchased goods and services	4,529,774	3,211,124
Social assistance	3,727,660	3,347,197
Support to community and members	737,433	381,284
Travel, accommodation, and related costs	<u>494,164</u>	<u>471,543</u>
	<u>\$ 16,534,862</u>	<u>\$ 13,981,451</u>

### 19. BUDGET INFORMATION

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

### 20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

# LITTLE GRAND RAPIDS FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

### 21. GOVERNMENT TRANSFERS

	2015			2014		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers						
AANDC	\$ 7,441,259	\$ 4,967,757	\$ 12,409,016	\$ 7,722,084	\$ 3,107,109	\$ 10,829,193
FNIHB	1,067,338		1,067,338	1,143,399		1,143,399
CMHC	198,941		198,941	206,378		206,378
ESDC	174,242	-	174,242	265,567	-	265,567
	8,881,780	4,967,757	13,849,537	9,337,428	3,107,109	12,444,537
Provincial Government Transfers	529,514	-	529,514	765,320	-	765,320
	\$ 9,411,294	\$ 4,967,757	\$ 14,379,051	\$ 10,102,748	\$ 3,107,109	\$ 13,209,857

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2015

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### 22. PROVISION FOR SITE REHABILITATION

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering, landscaping, ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized, beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditures represent the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of the Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

# LITTLE GRAND RAPIDS FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

### 23. SEGMENTED DISCLOSURE

	BAND GOVERNANCE		SOCIAL ASSISTANCE		COMMUNITY INFRASTRUCTURE		COMMUNITY WELLNESS		LAND MANAGEMENT	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>										
Federal Government										
AANDC	\$ 613,581	\$ 608,288	\$ 3,519,632	\$ 3,613,092	\$ 5,698,922	\$ 3,953,510	\$ 1,111,338	\$ 1,143,399	\$	\$
FNIHB	193,524	265,566								
ESDC	12,664									
Deferred revenue	( 126,454)	( 43,659)			( 281,600)	252,623				60,000
Recoveries							( 44,000)	( 48,021)		( 31,077)
<b>Subtotal</b>	<b>680,651</b>	<b>842,859</b>	<b>3,519,632</b>	<b>3,294,465</b>	<b>5,417,322</b>	<b>4,206,133</b>	<b>1,067,338</b>	<b>1,095,378</b>		<b>28,923</b>
Province of Manitoba	258,664	356,157			270,851	330,490				78,674
Other	2,319,106	972,888			3,140	200,413	278,277			204,188
<b>Total revenue</b>	<b>3,258,421</b>	<b>2,171,904</b>	<b>3,519,632</b>	<b>3,297,605</b>	<b>5,888,586</b>	<b>4,814,900</b>	<b>1,067,338</b>	<b>1,095,378</b>	<b>204,188</b>	<b>107,597</b>
<b>Expenses</b>										
Salaries and benefits	1,166,114	1,143,307	145,695	253,647	926,536	877,782	828,073	796,463	92,125	86,454
Debt servicing (interest)	145,010	128,408				87,717				
Amortization					1,342,689	1,103,697				
Other	1,649,626	1,075,536	3,581,965	3,093,550	3,560,376	1,986,304	209,623	286,161	112,063	104,106
<b>Total expenses</b>	<b>2,960,750</b>	<b>2,347,251</b>	<b>3,727,660</b>	<b>3,347,197</b>	<b>5,829,601</b>	<b>4,055,500</b>	<b>1,037,696</b>	<b>1,082,624</b>	<b>204,188</b>	<b>190,560</b>
<b>Surplus (Deficit)</b>	<b>\$ 297,671</b>	<b>\$ ( 175,347)</b>	<b>\$ ( 208,028)</b>	<b>\$ ( 49,592)</b>	<b>\$ 58,985</b>	<b>\$ 759,400</b>	<b>\$ 29,642</b>	<b>\$ 12,754</b>	<b>\$ -</b>	<b>\$ ( 82,963)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

## 23. SEGMENTED DISCLOSURE

	HOUSING		EDUCATION AUTHORITY		TOTAL	
	2015	2014	2015	2014	2015	2014
Revenues						
Federal Government						
AANDC	\$	\$	\$	\$	\$	\$
FNIHB			2,576,881	2,654,303	12,409,016	10,829,193
CMHC					1,111,338	1,143,399
ESDC			198,941	206,378		
Deferred revenue					198,941	206,378
Recoveries					193,524	265,566
			52,558	( 52,558)	( 229,042)	272,729
					( 40,263)	( 170,454)
					( 170,454)	( 481,647)
Subtotal	198,941	206,378	2,629,439	2,561,482	13,513,323	12,235,618
Province of Manitoba					529,515	765,321
Other	-	33	-		37,415	2,723,707
Total revenue	198,941	206,411	2,629,439	2,598,897	16,766,545	14,292,692
Expenses						
Salaries and benefits						
Debt servicing (interest)					2,014,324	2,008,201
Amortization			78,872	86,609	5,172,867	5,165,854
Other			163,411	138,452	223,882	302,734
			61,805	70,036	1,534,669	1,262,237
					9,603,444	7,250,626
Total expenses	304,088	295,097	2,470,879	2,663,222	16,534,862	13,981,451
Surplus (Deficit)	\$( 105,147)	\$( 88,686)	\$ 158,560	\$( 64,325)	\$ 231,683	\$ 311,241