

---

LITTLE GRAND RAPIDS FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

---

# **LITTLE GRAND RAPIDS FIRST NATION**

## **INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2016**

---

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **INDEPENDENT AUDITORS' REPORT**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....**STATEMENT 1**

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS.....**STATEMENT 2**

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT.....**STATEMENT 3**

CONSOLIDATED STATEMENT OF CASH FLOWS.....**STATEMENT 4**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## 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 has full and free access to the Management and Chief and Council.

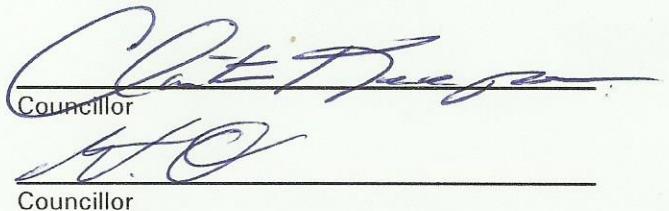
Chief

Councillor



Councillor

Councillor



## 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, 2017, 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.

### Auditors' 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 auditors' 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, 2017, and its financial performance, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Collins Barrow HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
December 12, 2018

**LITTLE GRAND RAPIDS FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

As at MARCH 31

2017

2016

**FINANCIAL ASSETS**

Accounts receivable (Note 3)	\$ 1,502,622	\$ 1,030,085
Inventory (Note 4)	180,077	147,853
Long-term investments (Note 5)	3,306,568	3,434,292
Restricted cash (Note 6)	<u>745,933</u>	<u>274,895</u>
	<u>5,735,200</u>	<u>4,887,125</u>

**LIABILITIES**

Bank indebtedness	420,549	350,008
Accounts payable (Note 7)	2,721,022	1,748,154
Deferred revenue		1,235,644
Long-term debt (Note 8)	8,221,933	6,263,168
Capital lease obligations (Note 9)	<u>474,509</u>	<u>1,585,396</u>
	<u>11,838,013</u>	<u>11,182,370</u>
NET DEBT	<u>( 6,102,813)</u>	<u>( 6,295,245)</u>

**NON-FINANCIAL ASSETS**

Tangible capital assets (Note 10)	16,679,791	17,803,911
Construction in progress (Note 12)	8,562,411	942,835
Prepaid expenses	<u>81,525</u>	<u>9,613</u>
	<u>25,323,727</u>	<u>18,756,359</u>
ACCUMULATED SURPLUS	<u>\$ 19,220,914</u>	<u>\$ 12,461,114</u>

Contingencies (Note 16)

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (Unaudited)	2017	2016
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 11,007,500	<b>\$ 9,881,936</b>	\$ 12,129,768
First Nations and Inuit Health	1,334,000	<b>1,230,809</b>	1,199,826
Employment and Social Development Canada	350,000	<b>347,173</b>	341,268
Canada Mortgage and Housing Corporation (CMHC)	380,000	<b>377,574</b>	198,574
South Beach Casino	750,000	<b>700,000</b>	650,000
Province of Manitoba	350,000	<b>300,713</b>	408,368
Norwin Construction Co. Ltd.	190,000	<b>186,943</b>	175,850
East Side Road Authority	2,350,000	<b>2,346,034</b>	658,550
Other revenue	7,521,000	<b>8,829,064</b>	2,093,696
Funding recovery	( 138,000)	( 138,000)	( 157,355)
Deferred from prior year	1,235,644	<b>1,235,644</b>	937,500
Deferred to subsequent year	-	-	( 1,235,644)
	<b>25,330,144</b>	<b>25,297,890</b>	<b>17,400,401</b>
<b>EXPENDITURES</b>			
Band Governance	3,323,000	<b>4,046,284</b>	2,308,073
Social Assistance	3,399,000	<b>3,565,206</b>	3,725,863
Community Infrastructure	5,270,500	<b>5,272,106</b>	6,786,531
Community Wellness	1,354,000	<b>1,347,521</b>	1,337,982
Land Management	115,000	<b>111,417</b>	114,647
Housing	860,000	<b>873,820</b>	325,547
Education Authority	3,244,000	<b>3,321,736</b>	2,652,709
	<b>17,565,500</b>	<b>18,538,090</b>	<b>17,251,352</b>
ANNUAL SURPLUS	7,764,644	<b>6,759,800</b>	149,049
ACCUMULATED SURPLUS, <i>beginning of year</i>	<b>12,461,114</b>	<b>12,461,114</b>	<b>12,312,065</b>
ACCUMULATED SURPLUS, <i>end of year</i>	<b>\$ 20,225,758</b>	<b>\$ 19,220,914</b>	<b>\$ 12,461,114</b>

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET ( <i>Unaudited</i> )	2017	2016
ANNUAL (DEFICIT) SURPLUS	\$ 7,764,644	\$ 6,759,800	\$ 149,049
Purchase of tangible capital assets .	( 290,000)	( 289,512)	( 2,295,881)
Amortization of tangible capital assets	<u>1,410,000</u>	<u>1,413,632</u>	<u>1,388,687</u>
	<u>1,120,000</u>	<u>1,124,120</u>	<u>( 907,194)</u>
Acquisition of construction in progress	( 8,560,000)	( 8,562,411)	( 942,835)
Use of construction in progress	<u>940,000</u>	<u>942,835</u>	<u>942,835</u>
	<u>( 7,620,000)</u>	<u>( 7,619,576)</u>	<u>-</u>
Acquisition of prepaid expenses	( 81,500)	( 81,525)	( 9,613)
Use of prepaid expenses	<u>10,000</u>	<u>9,613</u>	<u>7,240</u>
	<u>( 71,500)</u>	<u>( 71,912)</u>	<u>( 2,373)</u>
CHANGE IN NET DEBT FOR YEAR	1,193,144	192,432	( 760,518)
NET DEBT, <i>beginning of year</i>	<u>( 6,295,245)</u>	<u>( 6,295,245)</u>	<u>( 5,534,727)</u>
NET DEBT, <i>end of year</i>	<u>\$ ( 5,102,101)</u>	<u>\$ ( 6,102,813)</u>	<u>\$ ( 6,295,245)</u>

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 7	2 0 1 6
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funding agencies and other sources	\$ 17,543,220	\$ 18,502,426
Cash paid to suppliers	( 10,790,010)	( 11,595,060)
Cash paid to employees	( 4,903,066)	( 4,775,460)
Interest paid	( 562,650)	( 429,512)
	<u>1,287,494</u>	<u>1,702,394</u>
<b>INVESTING ACTIVITY</b>		
Construction in progress	( 1,445,363)	
Purchase of tangible capital assets - net	( 289,512)	( 2,295,881)
	<u>( 1,734,875)</u>	<u>( 2,295,881)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	3,900,000	1,216,676
Repayment of long-term debt	( 1,941,235)	( 1,160,034)
Proceeds from capital leases		553,530
Repayments of capital lease obligations	( 1,110,887)	( 402,616)
	<u>847,878</u>	<u>207,556</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	<b>400,497</b>	( 385,931)
CASH, <i>beginning of year</i>	( 75,113)	310,818
CASH, <i>end of year</i>	<u>\$ 325,384</u>	<u>\$ ( 75,113)</u>
<b>CASH COMPRISED OF</b>		
Bank indebtedness	\$( 420,549)	\$( 349,882)
Restricted cash	<u>745,933</u>	<u>274,769</u>
	<u>\$ 325,384</u>	<u>\$ ( 75,113)</u>

# LITTLE GRAND RAPIDS FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2017**

### 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
- Miishipaaawiitik 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 First 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

**MARCH 31, 2017**

---

### 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 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 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

**MARCH 31, 2017**

---

### 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 owned and significantly influenced by the First Nation are accounted for in accordance with the modified equity method. The initial investment is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions.

#### *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 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 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2017****2. SIGNIFICANT ACCOUNTING POLICIES *(continued)***

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.

***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 First 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 First 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 7	2 0 1 6
Indigenous and Northern Affairs Canada (INAC)	\$ 160,144	\$ 298,144
East Side Road Authority	600,282	605,263
Goods and services tax	19,894	22,401
Trade receivables	<u>722,302</u>	<u>104,277</u>
	<u><u>1,502,622</u></u>	<u><u>1,030,085</u></u>

**4. INVENTORY**

	2 0 1 7	2 0 1 6
Fuel and supplies	<u>\$ 180,077</u>	<u>\$ 147,853</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 5. LONG TERM INVESTMENTS

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 First Nation land at Scanterbury, Manitoba.

	2 0 1 7	2 0 1 6
Opening balance	\$ 3,434,292	\$ 3,398,076
Share of earnings	836,870	784,247
Capital distribution	(700,000)	(650,000)
First Nation Trust Allocation	<u>(264,594)</u>	<u>(98,031)</u>
 Closing balance	 \$ 3,306,568	 \$ 3,434,292

## 6. RESTRICTED CASH

	2 0 1 7	2 0 1 6
Ottawa Trust	\$ 12,390	\$ 11,245
CMHC Reserves	245,924	162
Miishipaawiiistik Inc.	482,272	92,261
First Nations Bank - Capital Project	<u>5,347</u>	<u>171,227</u>
 \$ 745,933	 \$ 274,895	

*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 Indigenous and Northern Affairs 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.

**6. RESTRICTED CASH *(continued)****Miishipaawiitik Inc.*

Miishipaawiitik 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.

*First Nations Bank - Capital Project*

Funds held by South East Resource Development Centre for the Soil Remediation Project. These funds can only be used for eligible expenditures related to the Soil Remediation Project as outlined in the contribution agreement between Little Grand Rapids First Nation and Indigenous and Northern Affairs Canada.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2 0 1 7	2 0 1 6
Trade payables and accrued liabilities		
Indigenous and Northern Affairs Canada (INAC)	\$ 2,247,609	\$ 1,131,842
First Nations Inuit Health (FNIH)	<u>378,486</u>	392,283
	<u>94,927</u>	<u>224,029</u>
	<u><u>\$ 2,721,022</u></u>	<u><u>\$ 1,748,154</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 8. LONG TERM DEBT

2017

2016

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.

\$ 763,430 \$ 806,138

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.

287,186 309,918

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.

1,208,838 1,268,850

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.

332,924 349,186

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.

697,925 726,238

CMHC repayable advances for the 3 unit Section 95 project.

236,763 -

First Nations Bank of Canada

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

419,830 430,824

Term loan due on demand including interest at 6.15%, secured by Band Council Resolution.

769,276 790,972

Term loan payable in monthly installments of \$737 including interest at 5.05%, matures March 2020, secured by Band Council Resolutions and ministerial guarantee.

24,312 31,723

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

41,010 54,680

Subtotal

\$ 4,781,494 \$ 4,768,529

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 20178. LONG TERM DEBT (*continued*)

2017

2016

Subtotal from previous page	\$ 4,781,494	\$ 4,768,529
Term loan due on demand including interest at prime rate plus 2.25%, secured by Band Council Resolution and ministerial guarantee.	37,112	49,483
Term loan due on demand, including interest at 5.95%, secured by Band Council Resolutions and ministerial guarantee.	156,360	208,480
Term loan due on demand, repaid in 2016-17.	-	20,000
Mortgage payable in monthly installments of \$6,376 including interest at 4.95 %, maturing March 2020.	1,026,090	1,102,597
Mortgage payable in monthly installments of \$2,100 including interest at 6.05 %, maturing December 2037.	497,735	
Mortgage payable in monthly installments of \$17,138 including interest at 5.60 %, maturing March 2026.	1,637,583	
Term loan due on demand including monthly interest at prime rate plus 2.90%, secured by Band Council Resolution and ministerial guarantee.	85,559	114,079
	<u>\$ 8,221,933</u>	<u>\$ 6,263,168</u>

Principal repayment terms are approximately:

2018	\$ 847,620
2019	646,394
2020	442,408
2021	416,061
2022	416,176
Thereafter	<u>5,453,274</u>
	<u>\$ 8,221,933</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2017****9. CAPITAL LEASE OBLIGATIONS**

	<b>2 0 1 7</b>	<b>2 0 1 6</b>
Capital lease obligation, paid out in 2016-17.	120,696	
Capital lease obligation, paid out in 2016-17.	32,779	
Capital lease obligation, paid out in 2016-17.	95,466	
Capital lease obligation, paid out in 2016-17.	349,091	
Capital lease obligation, paid out in 2016-17.	311,144	
Capital lease obligation, paid out in 2016-17.	122,690	
Capital lease obligation, payable in monthly installments of \$6,399 including interest at 12.52%, due March 2021, secured by heavy equipment.	<b>262,120</b>	303,255
Capital lease obligation, payable in monthly installments of \$5,916 including interest at 14.18%, due March 2021, secured by heavy equipment.	<b>212,389</b>	<b>250,275</b>
	<b><u>\$ 474,509</u></b>	<b><u>\$ 1,585,396</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2017****9. CAPITAL LEASE OBLIGATIONS *(continued)***

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

2018	\$ 147,789
2019	147,789
2020	147,789
2021	124,718
2022	<u>35,366</u>
	603,451
Less: imputed interest	<u>(128,942)</u>
	\$ <u>474,509</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2017**

### 10. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	March 31, 2017	March 31, 2016
Heavy equipment	\$ 2,827,515	\$	\$	\$ 2,827,515	\$ 2,733,269	\$ 282,752	\$	\$ 3,016,021	\$ (188,506)	\$ 94,246
Equipment	117,772			117,772	87,890	11,810		99,700	18,072	29,882
Band Housing	4,517,627			4,517,627	364,901	130,206		495,107	4,022,520	4,152,726
Infrastructure	15,701,052			15,701,052	9,671,793	502,685		10,174,478	5,526,574	6,029,259
Vehicles	1,981,869	46,000		2,027,869	1,693,995	70,239		1,764,234	263,635	287,874
CMHC housing	5,557,121			5,557,121	1,028,198	138,928		1,167,126	4,389,995	4,528,923
CFS Housing	848,823			848,823	42,440	21,221		63,661	785,162	806,383
Heavy equipment under capital lease	<u>2,314,404</u>	<u>243,512</u>	<u>_____</u>	<u>2,557,916</u>	<u>439,786</u>	<u>255,791</u>	<u>_____</u>	<u>695,577</u>	<u>1,862,339</u>	<u>1,874,618</u>
	<u>\$ 33,866,183</u>	<u>\$ 289,512</u>	<u>\$ -</u>	<u>\$ 34,155,695</u>	<u>\$ 16,062,272</u>	<u>\$ 1,413,632</u>	<u>\$ -</u>	<u>\$ 17,475,904</u>	<u>\$ 16,679,791</u>	<u>\$ 17,803,911</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

## 11. CONSTRUCTION IN PROGRESS

During the year, Little Grand Rapids First Nation was involved in the construction of variety of capital projects under the management of Shawano Consulting Inc., who received funding from Indigenous and Northern Affairs Canada (INAC) and was also responsible to report on the funding received to INAC. The total cost of these projects in the amount of \$7,117,048 is deferred until subsequent year. Since the major renovations, construction and betterments involved assets under the ownership of Little Grand Rapids First Nation, contribution revenue equivalent to the construction in progress incurred in 2016-17 in the amount of \$6,174,213 was recognized and reported in these financial statements.

In addition, the First Nation was involved in the construction of the 3 unit Section 95 CMHC project. The total cost of \$236,763 incurred as of March 31, 2017 is deferred until the subsequent year, when the project will be completed. As of March 31, 2017, CMHC advanced \$236,763 of the total mortgage proceeds of \$473,527 towards the construction of this project. Upon completion, all related costs will form part of tangible capital assets.

	2 0 1 7	2 0 1 6
Indigenous and Northern Affairs Canada - Shawano Consulting		
Water treatment plant	\$ 5,331,594	\$ 942,835
Community hall	501,000	
Roads	303,750	
Fire hall	694,302	
Lift station	<u>286,402</u>	-
	<u>7,117,048</u>	<u>942,835</u>
Indigenous and Northern Affairs Canada - Band based capital		
Fire protection equipment	305,000	
Water O&M	171,000	
Construction of multiple units	<u>732,600</u>	-
	<u>1,208,600</u>	-
Total Indigenous and Northern Affairs Canada	8,325,648	942,835
3 unit CMHC Section 95 project	<u>236,763</u>	-
	<u>\$ 8,562,411</u>	<u>\$ 942,835</u>

## 12. INDIGENOUS AND NORTHERN AFFAIRS CANADA (INAC) FUNDING RECONCILIATION

	2 0 1 7	2 0 1 6
INAC funding per financial statements	\$ 11,117,580	\$ 11,831,624
Less: prior year deferred revenue	( 1,235,644)	( 937,500)
Add: current year deferred revenue	<u>-</u>	<u>1,235,644</u>
INAC funding per funding confirmation	<u>\$ 9,881,936</u>	<u>\$ 12,129,768</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2017**

### 13. FIRST NATIONS AND INUIT HEALTH (FNIH) FUNDING RECONCILIATION

	2 0 1 7	2 0 1 6
FNIH funding per financial statements	<u>\$ 1,230,809</u>	<u>\$ 1,199,826</u>
FNIH funding per funding confirmation	<u>\$ 1,230,809</u>	<u>\$ 1,199,826</u>

### 14. ECONOMIC DEPENDENCE

Little Grand Rapids First Nation receives the majority of its revenue from Indigenous and Northern Affairs Canada (INAC) and First Nations and Inuit Health (FNIH) as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC and FNIH 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.

### 15. 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, 2017 might be recovered by the agencies.

### 16. 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.

### 17. CONSOLIDATED EXPENSES BY OBJECT

	2 0 1 7	2 0 1 6
Amortization	\$ 1,413,632	\$ 1,388,687
Bad debts (recovery)	49,813	
Bank charges and interest	562,650	429,512
Compensation	4,903,066	4,775,460
Purchased goods and services	6,988,210	5,872,899
Social assistance	3,565,206	3,725,863
Support to community and members	564,469	417,804
Travel, accommodation, and related costs	<u>540,857</u>	<u>591,314</u>
	<u>\$ 18,538,090</u>	<u>\$ 17,251,352</u>

**18. 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.

**19. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current period presentation.

# LITTLE GRAND RAPIDS FIRST NATION

PAGE 15

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

---

### 20. GOVERNMENT TRANSFERS

	2017			2016		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers						
INAC	\$ 8,142,956	\$ 1,738,980	\$ 9,881,936	\$ 9,833,886	\$ 2,295,882	\$ 12,129,768
FNIH	1,230,809		1,230,809	1,199,826		1,199,826
CMHC	377,574		377,574	198,574		198,574
ESDC	347,173	-	347,173	341,268	-	341,268
	10,098,512	1,738,980	11,837,492	11,573,554	2,295,882	13,869,436
Provincial Government Transfers	300,713	-	300,713	408,368	-	408,368
	<u>\$ 10,399,225</u>	<u>\$ 1,738,980</u>	<u>\$ 12,138,205</u>	<u>\$ 11,981,922</u>	<u>\$ 2,295,882</u>	<u>\$ 14,277,804</u>

**21. 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

PAGE 17

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 22. SEGMENTED DISCLOSURE

	BAND GOVERNANCE		SOCIAL ASSISTANCE		COMMUNITY INFRASTRUCTURE		COMMUNITY WELLNESS		LAND MANAGEMENT	
	<u>2017</u>	<u>2016</u> <i>(Restated)</i>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>										
Federal Government										
INAC	\$ 778,375	\$ 753,139	\$ 3,396,108	\$ 3,529,696	\$ 2,485,342	\$ 5,281,127	\$ 1,230,809	\$ 1,199,826	\$	\$
FNIH	347,173	341,268								
ESDC										
Recoveries	—	(8,842)	—	(24,656)	(138,000)	(31,459)	—	—	—	—
Subtotal	1,125,548	1,085,565	3,396,108	3,505,040	2,347,342	5,249,668	1,230,809	1,199,826		
Province of Manitoba	300,713	358,942								49,426
Other	1,633,937	2,473,338	—	—	11,301,044	546,735	104,664	97,749	61,000	69,066
<b>Total revenue</b>	<b>3,060,198</b>	<b>3,917,845</b>	<b>3,396,108</b>	<b>3,505,040</b>	<b>13,648,386</b>	<b>5,796,403</b>	<b>1,335,473</b>	<b>1,297,575</b>	<b>61,000</b>	<b>118,492</b>
<b>Expenses</b>										
Salaries and benefits	790,616	1,375,149			927,710	649,420	752,243	753,258	85,155	69,079
Debt servicing (interest)	493,090	349,650				3,561	2,818	4,290		
Amortization										
Other	2,762,578	583,274	3,565,206	3,725,863	3,234,375	1,110,021	1,231,676	20,506	1,041	
						4,901,874	571,954	579,393	26,262	45,568
<b>Total expenses</b>	<b>4,046,284</b>	<b>2,308,073</b>	<b>3,565,206</b>	<b>3,725,863</b>	<b>5,272,106</b>	<b>6,786,531</b>	<b>1,347,521</b>	<b>1,337,982</b>	<b>111,417</b>	<b>114,647</b>
<b>Surplus (Deficit)</b>	<b>\$(986,086)</b>	<b>\$ 1,609,772</b>	<b>\$(169,098)</b>	<b>\$(220,823)</b>	<b>\$ 8,376,280</b>	<b>\$(990,128)</b>	<b>\$(12,048)</b>	<b>\$(40,407)</b>	<b>\$(50,417)</b>	<b>\$ 3,845</b>

# LITTLE GRAND RAPIDS FIRST NATION

PAGE 18

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017

### 22. SEGMENTED DISCLOSURE *(continued)*

	HOUSING		EDUCATION AUTHORITY		TOTAL	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Federal Government						
INAC	\$	\$	\$ 3,222,111	\$ 2,565,806	\$ 9,881,936	\$ 12,129,768
FNIH					1,230,809	1,199,826
CMHC	377,574	198,574			377,574	198,574
ESDC					347,173	341,268
Recoveries	-	-	-	( 92,398)	( 138,000)	( 157,355)
Subtotal	377,574	198,574	3,222,111	2,473,408	11,699,492	13,712,081
Province of Manitoba					300,713	408,368
Other	197,040	40,367	-	52,697	13,297,685	3,279,952
<b>Total revenue</b>	<b>574,614</b>	<b>238,941</b>	<b>3,222,111</b>	<b>2,526,105</b>	<b>25,297,890</b>	<b>17,400,401</b>
<b>Expenses</b>						
Salaries and benefits			2,347,342	1,928,554	4,903,066	4,775,460
Debt servicing (interest)	63,129	66,572	3,613	5,439	562,650	429,512
Amortization	283,105	138,928		17,042	1,413,632	1,388,687
Other	527,586	120,047	970,781	701,674	11,658,742	10,657,693
<b>Total expenses</b>	<b>873,820</b>	<b>325,547</b>	<b>3,321,736</b>	<b>2,652,709</b>	<b>18,538,090</b>	<b>17,251,352</b>
<b>Surplus (Deficit)</b>	<b>\$( 299,206)</b>	<b>\$( 86,606)</b>	<b>\$( 99,625)</b>	<b>\$( 126,604)</b>	<b>\$ 6,759,800</b>	<b>\$ 149,049</b>