
LITTLE GRAND RAPIDS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

LITTLE GRAND RAPIDS FIRST NATION
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MARCH 31, 2018

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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 fulfills 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 Baker Tilly HMA LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Baker Tilly HMA LLP has full and free access to the Management and Chief and Council.

Chief

Wendy Leesage
Councillor

Councillor

Jeff Keeg
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, 2018, 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, 2018, and its financial performance, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
May 24, 2019

LITTLE GRAND RAPIDS FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 1

As at MARCH 31

2018

2017

FINANCIAL ASSETS

Cash	\$ 599,935	\$
Restricted cash (Note 5)	1,054,037	745,933
Accounts receivable (Note 3)	737,438	1,502,622
Long-term investments (Note 4)	<u>3,401,087</u>	<u>3,306,568</u>
	<u>5,792,497</u>	<u>5,555,123</u>

LIABILITIES

Bank indebtedness		420,549
Accounts payable (Note 6)	4,110,452	2,721,022
Deferred revenue (Note 7)	456,757	
Long-term debt (Note 8)	7,622,043	8,221,933
Capital lease obligations (Note 9)	<u>645,023</u>	<u>474,509</u>
	<u>12,834,275</u>	<u>11,838,013</u>
Net Debt	(7,041,778)	(6,282,890)

NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	18,566,827	16,679,791
Construction in progress (Note 11)	19,360,420	8,562,411
Prepaid expenses	<u>327,855</u>	<u>261,602</u>
	<u>38,255,102</u>	<u>25,503,804</u>
Accumulated surplus	\$ <u>31,213,324</u>	\$ <u>19,220,914</u>

Approved by Chief and Council

Chief

Wendy Lereque
 Councillor

Councillor

Councillor

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2018	2017
REVENUE			
Indigenous Services Canada	\$ 10,737,500	\$ 10,732,167	\$ 9,881,936
First Nations and Inuit Health Branch	2,346,000	2,287,290	1,230,809
Employment and Social Development Canada	330,000	327,725	347,173
Canada Mortgage and Housing Corporation	535,000	428,990	377,574
South Beach Casino	700,000	700,000	700,000
Province of Manitoba	300,000	291,314	300,713
Norwin Construction Co. Ltd.	200,000	194,338	186,943
East Side Road Authority	800,000	767,513	2,346,034
Other revenue	13,753,000	13,434,264	8,829,064
Funding recovery	(96,000)	(96,251)	(138,000)
Deferred from prior year			1,235,644
Deferred to subsequent year	(460,000)	(456,757)	-
	29,145,500	28,610,593	25,297,890
EXPENDITURES			
Band Governance	4,445,500	4,228,603	4,046,284
Social Assistance	2,980,000	3,010,268	3,565,206
Community Infrastructure	15,410,000	3,503,916	5,272,106
Community Wellness	2,046,000	1,510,391	1,347,521
Land Management	100,000	111,048	111,417
Housing Authority	835,000	1,014,545	873,820
Education Authority	<u>3,329,000</u>	<u>3,239,412</u>	<u>3,321,736</u>
	<u>29,145,500</u>	<u>16,618,183</u>	<u>18,538,090</u>
ANNUAL SURPLUS		11,992,410	6,759,800
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>19,220,914</u>	<u>19,220,914</u>	<u>12,461,114</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ 19,220,914	\$ 31,213,324	\$ 19,220,914

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2018	2017
Annual surplus	\$ -	\$ 11,992,410	\$ 6,759,800
Purchase of tangible capital assets	(3,100,000)	(3,097,047)	(289,512)
Amortization of tangible capital assets	<u>1,210,000</u>	<u>1,210,011</u>	<u>1,413,632</u>
	(1,890,000)	(1,887,036)	(1,124,120)
Acquisition of construction in progress	(19,360,000)	(19,360,420)	(8,562,411)
Use of construction in progress	<u>8,560,000</u>	<u>8,562,411</u>	<u>942,835</u>
	(10,800,000)	(10,798,009)	(7,619,576)
Acquisition of prepaid expenses	(328,000)	(327,855)	(261,602)
Use of prepaid expenses	<u>261,000</u>	<u>261,602</u>	<u>9,613</u>
	(67,000)	(66,253)	(251,989)
CHANGE IN NET DEBT FOR YEAR	(12,757,000)	(758,888)	12,355
NET DEBT, <i>beginning of year</i>	(6,282,890)	(6,282,890)	(6,295,245)
NET DEBT, <i>end of year</i>	<u>\$ (19,039,890)</u>	<u>\$ (7,041,778)</u>	<u>\$ (6,282,890)</u>

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 8	2 0 1 7
OPERATING ACTIVITIES		
Cash receipts from funding agencies and other sources	\$ 18,363,821	\$ 17,543,220
Cash paid to suppliers	(9,153,296)	(10,790,010)
Cash paid to employees	(4,964,117)	(4,903,066)
Interest paid	<u>(626,982)</u>	<u>(562,650)</u>
	<u>3,619,426</u>	<u>1,287,494</u>
INVESTING ACTIVITIES		
Construction in progress	(1,832,000)	(1,445,363)
Purchase of tangible capital assets - net	<u>(247,192)</u>	<u>(289,512)</u>
	<u>(2,079,192)</u>	<u>(1,734,875)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	217,729	3,900,000
Repayment of long-term debt	(599,890)	(1,941,235)
Proceeds from capital leases	269,581	
Repayments of capital lease obligations	<u>(99,066)</u>	<u>(1,110,887)</u>
	<u>(211,646)</u>	<u>847,878</u>
NET INCREASE IN CASH DURING YEAR	1,328,588	400,497
CASH, <i>beginning of year</i>	<u>325,384</u>	<u>(75,113)</u>
CASH, <i>end of year</i>	<u>\$ 1,653,972</u>	<u>\$ 325,384</u>
CASH COMPRISED OF		
Cash (bank indebtedness)	\$ 599,935	\$(420,549)
Restricted cash	<u>1,054,037</u>	<u>745,933</u>
	<u>\$ 1,653,972</u>	<u>\$ 325,384</u>

LITTLE GRAND RAPIDS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018****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, 2018****2. SIGNIFICANT ACCOUNTING POLICIES *(continued)******REVENUErecognition***

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, 2018****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 8	2 0 1 7
Indigenous Services Canada (ISC)	\$ 142,122	\$ 160,144
First Nations and Inuit Health Branch (FNIHB)	19,831	
East Side Road Authority	268,075	600,282
Goods and services tax	22,401	19,894
Trade receivables	<u>285,009</u>	<u>722,302</u>
	<u>737,438</u>	<u>1,502,622</u>

4. 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 8	2 0 1 7
BALANCE, <i>beginning of year</i>	\$ 3,306,568	\$ 3,434,292
Share of earnings	908,022	836,870
Capital distribution	(700,000)	(700,000)
First Nation Trust Allocation	<u>(113,503)</u>	<u>(264,594)</u>
BALANCE, <i>end of year</i>	<u>\$ 3,401,087</u>	<u>\$ 3,306,568</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

5. RESTRICTED CASH

	2 0 1 8	2 0 1 7
Ottawa Trust	\$ 15,341	\$ 12,390
CMHC Reserves	19,356	245,924
Miishipaawiitik Inc.	1,015,274	482,272
First Nations Bank - Capital Project	<u>4,066</u>	<u>5,347</u>
	<u><u>\$ 1,054,037</u></u>	<u><u>\$ 745,933</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 Indigenous Services 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 other wise 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.

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 Capital Projects. These funds can only be used for eligible expenditures related to the Projects as outlined in the contribution agreement between Little Grand Rapids First Nation and Indigenous Services Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2 0 1 8	2 0 1 7
Band	\$	\$
Trade payables and accrued liabilities	<u>2,279,375</u>	1,256,824
Indigenous Services Canada	<u>386,906</u>	378,486
	<u><u>2,666,281</u></u>	<u><u>1,635,310</u></u>
Health Authority		
Trade payables and accrued liabilities	<u>91,031</u>	256,866
First Nations and Inuit Health Branch	<u>27,035</u>	94,927
	<u><u>118,066</u></u>	<u><u>351,793</u></u>
Miishipaawiitik Inc.		
Trade payables and accrued liabilities	<u>1,326,105</u>	733,919
	<u><u>\$ 4,110,452</u></u>	<u><u>\$ 2,721,022</u></u>

7. DEFERRED REVENUE

	2 0 1 8	2 0 1 7
ISC - 5 Duplex	\$	\$
FNIHB - Jordan's Principle	<u>207,840</u>	248,917
	<u><u>\$ 456,757</u></u>	<u><u>\$ -</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

8. LONG TERM DEBT

2018

2017

Canada Mortgage and Housing Corporation

Mortgage payable in monthly installments of \$4,717 including interest at 1.84%, matures September 2032, next renewal date is September 2022, secured by ministerial guarantee and a first charge on insurance.

\$ 720,228 \$ 763,430

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.

264,037 287,185

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.

1,147,615 1,208,838

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.

316,376 332,924

Mortgage payable in monthly installments of \$3,485 including interest at 2.13%, matures October 2037, next renewal date is October 2022, secured by ministerial guarantee and a first charge on insurance.

669,750 697,925

Mortgage payable in monthly installments of \$3,130 including interest at 2.39%, renews February 1, 2023, matures October 1, 2033.

471,260 236,763

First Nations Bank of Canada

Mortgage payable in monthly installments of \$2,712 including interest at 5.29%, matures October 2023, secured by band housing.

408,286 419,830

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

746,209 769,277

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

16,517 24,312

Term loan due on demand including interest at prime rate plus 6.20%, secured by Band Council Resolution and ministerial guarantee.

27,340 41,010

Term loan due on demand including interest at prime rate plus 6.20%, secured by Band Council Resolution and ministerial guarantee.

\$ 24,740 \$ 37,112

Subtotal

\$ 4,812,358 \$ 4,818,606

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 20188. LONG TERM DEBT *(continued)*

	2 0 1 8	2 0 1 7
Subtotal from previous page	<u>\$ 4,812,358</u>	\$ 4,818,606
Term loan due on demand, including interest at 6.20%, secured by Band Council Resolutions and ministerial guarantee.	104,240	156,360
Mortgage payable in monthly installments of \$6,376 including interest at 6.20 %, maturing March 2020.	949,584	1,026,090
Mortgage payable in monthly installments of \$2,100 including interest at 7.05 %, maturing December 2019.	472,534	497,735
Mortgage payable in monthly installments of \$17,138 including interest at 6.85 %, maturing April 2021.	1,226,288	1,637,583
Term loan due on demand including monthly interest at prime rate plus 6.85%, secured by Band Council Resolution and ministerial guarantee.	<u>57,039</u>	<u>85,559</u>
	<u><u>\$ 7,622,043</u></u>	<u><u>\$ 8,221,933</u></u>

Principal repayment terms are approximately:

2019	\$ 484,455
2020	507,201
2021	429,374
2022	432,231
2023	451,503
Thereafter	<u>5,317,279</u>
	<u><u>\$ 7,622,043</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

9. CAPITAL LEASE OBLIGATIONS

2018 2017

Capital lease obligation, payable in monthly installments of \$1,252 including interest at 10.85%, due September 2018, secured by heavy equipment. **7,285**

Capital lease obligation, payable in monthly installments of \$3,854 including interest at 15.90%, due September 2018, secured by heavy equipment. **22,443**

Capital lease obligation, payable in monthly installments of \$8,703 including interest at 9.30%, due March 2020, secured by heavy equipment. **190,141**

Capital lease obligation, payable in monthly installments of \$4,175 including interest at 15.33%, due April 2019, secured by heavy equipment. **49,711**

Capital lease obligation, payable in monthly installments of \$6,399 including interest at 12.52%, due September 2021, secured by heavy equipment. **214,771** 262,120

Capital lease obligation, payable in monthly installments of \$5,916 including interest at 12.52%, due December 2020, secured by heavy equipment. **160,672** 212,389

\$ 645,023 **\$ 474,509**

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

2019	\$ 333,039
2020	256,856
2021	124,808
2022	<u>35,366</u>
	750,069
Less: imputed interest	<u>(105,046)</u>
	\$ 645,023

LITTLE GRAND RAPIDS FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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, 2018	March 31, 2017
Heavy equipment	\$ 2,827,515	\$ 135,192	\$	\$ 2,962,707	\$ 2,827,515	\$ 6,760	\$	\$ 2,834,275	\$ 128,432	\$ 18,072
Equipment	117,772			117,772	99,700	11,434		111,134	6,638	18,072
Band Housing	4,517,627	1,391,340		5,908,967	495,107	113,340		608,447	5,300,520	4,022,520
Infrastructure	15,701,052	536,000		16,237,052	10,362,984	511,620		10,874,604	5,362,448	5,338,068
Vehicles	2,027,869	490,000		2,517,869	1,764,234	144,110		1,908,344	609,525	263,635
CMHC housing	5,557,121	544,515		6,101,636	1,167,126	145,735		1,312,861	4,788,775	4,389,995
CFS Housing	848,823			848,823	63,661	21,220		84,881	763,942	785,162
Heavy equipment under capital lease	<u>2,557,916</u>	<u>-</u>	<u>-</u>	<u>2,557,916</u>	<u>695,577</u>	<u>255,792</u>	<u>-</u>	<u>951,369</u>	<u>1,606,547</u>	<u>1,862,339</u>
	<u>\$ 34,155,695</u>	<u>\$ 3,097,047</u>	<u>\$ -</u>	<u>\$ 37,252,742</u>	<u>\$ 17,475,904</u>	<u>\$ 1,210,011</u>	<u>\$ -</u>	<u>\$ 18,685,915</u>	<u>\$ 18,566,827</u>	<u>\$ 16,679,791</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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 Services Canada (ISC) and was also responsible to report on the funding received to ISC. The total cost of these projects in the amount of \$16,639,420 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 2017-18 in the amount of \$9,522,372 was recognized and reported in these financial statements.

	2 0 1 8	2 0 1 7
Indigenous Services Canada - Shawano Consulting		
Water treatment plant	\$ 14,109,231	\$ 5,331,594
Community hall	1,373,686	501,000
Roads	950,028	303,750
School repairs	201,675	
Fire Hall		694,302
Lift station		286,402
Lagoon project	4,800	-
	<u>16,639,420</u>	<u>7,117,048</u>
Indigenous Services Canada - Band based capital		
Construction of 5 Duplex	1,500,000	
Construction of multiple units	1,221,000	732,600
Fire protection equipment		305,000
Water O&M	-	171,000
	<u>2,721,000</u>	<u>1,208,600</u>
Total Indigenous Services Canada	19,360,420	8,325,648
3 unit CMHC Section 95 project	-	236,763
	<u>\$ 19,360,420</u>	<u>\$ 8,562,411</u>

12. INDIGENOUS SERVICES CANADA FUNDING RECONCILIATION

	2 0 1 8	2 0 1 7
ISC funding per financial statements	\$ 10,732,167	\$ 9,881,936
Less: ISC underfunded social assistance	<u>(161,636)</u>	-
ISC funding per funding confirmation	<u>\$ 10,570,531</u>	<u>\$ 9,881,936</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

13. FIRST NATIONS AND INUIT HEALTH (FNIHB) FUNDING RECONCILIATION

	2 0 1 8	2 0 1 7
FNIHB funding per financial statements and funding confirmation	<u>\$ 2,287,290</u>	<u>\$ 1,230,809</u>

14. ECONOMIC DEPENDENCE

Little Grand Rapids First Nation receives the majority of its revenue from Indigenous Services Canada (ISC) and First Nations and Inuit Health (FNIH) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC 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, 2018 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2018****17. CONSOLIDATED EXPENSES BY OBJECT**

	2 0 1 8	2 0 1 7
Amortization	\$ 1,210,011	\$ 1,413,632
Bank charges and interest	626,982	562,650
Compensation	4,964,117	4,903,066
Purchased goods and services	6,869,579	6,988,210
Social assistance	2,398,403	3,565,206
Support to community and members	21,120	564,469
Travel, accommodation, and related costs	<u>527,971</u>	<u>540,857</u>
	<u>\$ 16,618,183</u>	<u>\$ 18,538,090</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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

20. GOVERNMENT TRANSFERS

	2 0 1 8			2 0 1 7		
	Operating	Capital	Total	Operating	Capital	Total
Federal Government Transfers						
ISC	\$ 7,558,291	\$ 3,012,240	\$ 10,570,531	\$ 8,142,956	\$ 1,738,980	\$ 9,881,936
FNIHB	2,035,828	251,462	2,287,290	1,230,809		1,230,809
CMHC	428,990		428,990	377,574		377,574
ESDC	327,725	-	327,725	347,173	-	347,173
	10,350,834	3,263,702	13,614,536	10,098,512	1,738,980	11,837,492
Provincial Government Transfers	<u>291,314</u>	<u>-</u>	<u>291,314</u>	<u>300,713</u>	<u>-</u>	<u>300,713</u>
	<u>\$ 10,642,148</u>	<u>\$ 3,263,702</u>	<u>\$ 13,905,850</u>	<u>\$ 10,399,225</u>	<u>\$ 1,738,980</u>	<u>\$ 12,138,205</u>

LITTLE GRAND RAPIDS FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

22. SEGMENTED DISCLOSURE

	BAND GOVERNANCE		SOCIAL ASSISTANCE		COMMUNITY INFRASTRUCTURE		COMMUNITY WELLNESS		LAND MANAGEMENT	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues										
Federal Government										
ISC	\$ 952,086	\$ 778,375	\$ 2,965,024	\$ 3,396,108	\$ 3,548,981	\$ 2,485,342	\$ 1,786,911	\$ 1,230,809	\$	\$
FNIHB					251,462					
ESDC	327,725	347,173								
Recoveries	(96,251)	-	-	-	-	(138,000)	-	-	-	-
Subtotal	1,183,560	1,125,548	2,965,024	3,396,108	3,800,443	2,347,342	1,786,911	1,230,809		
Province of Manitoba	291,314	300,713								-
Other	3,047,650	1,633,937	-	-	11,346,076	11,301,044	205,046	104,664	90,399	61,000
Total revenue	4,522,524	3,060,198	2,965,024	3,396,108	15,146,519	13,648,386	1,991,957	1,335,473	90,399	61,000
Expenses										
Salaries and benefits	1,117,245	790,616	156,618		812,990	927,710	756,985	752,243	88,601	85,155
Debt servicing (interest)	385,156	493,090			173		1,318	2,818		
Amortization					774,968	1,110,021	14,542	20,506		
Other	2,726,202	2,762,578	2,853,650	3,565,206	1,915,785	3,234,375	737,546	571,954	22,447	26,262
Total expenses	4,228,603	4,046,284	3,010,268	3,565,206	3,503,916	5,272,106	1,510,391	1,347,521	111,048	111,417
Surplus (Deficit)	\$ 293,921	\$ (986,086)	\$ (45,244)	\$ (169,098)	\$ 11,642,603	\$ 8,376,280	\$ 481,566	\$ (12,048)	\$ (20,649)	\$ (50,417)

LITTLE GRAND RAPIDS FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

22. SEGMENTED DISCLOSURE *(continued)*

	HOUSING AUTHORITY		EDUCATION AUTHORITY		TOTAL	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Federal Government						
ISC	\$	\$	\$ 3,266,076	\$ 3,222,111	\$ 10,732,167	\$ 9,881,936
FNIHB					2,038,373	1,230,809
CMHC	428,990	377,574			428,990	377,574
ESDC					327,725	347,173
Recoveries	—	—	—	—	(96,251)	(138,000)
Subtotal	428,990	377,574	3,266,076	3,222,111	13,431,004	11,699,492
Province of Manitoba					291,314	300,713
Other	199,104	197,040	—	—	14,888,275	13,297,685
Total revenue	628,094	574,614	3,266,076	3,222,111	28,610,593	25,297,890
Expenses						
Salaries and benefits						
Debt servicing (interest)	237,241	63,129	2,031,678	2,347,342	4,964,117	4,903,066
Amortization	420,501	283,105	3,094	3,613	626,982	562,650
Other	356,803	527,586	1,204,640	970,781	9,817,073	11,658,742
Total expenses	1,014,545	873,820	3,239,412	3,321,736	16,618,183	18,538,090
Surplus (Deficit)	\$(386,451)	\$(299,206)	\$ 26,664	\$(99,625)	\$ 11,992,410	\$ 6,759,800