

---

LITTLE GRAND RAPIDS FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2020

---

**LITTLE GRAND RAPIDS FIRST NATION**  
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2020**

---

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 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 Leveque

Councillor

Councillor

Councillor

**INDEPENDENT AUDITORS' REPORT**

**Baker Tilly HMA LLP**  
701 - 330 Portage Avenue  
Winnipeg, MB R3C 0C4

**T:** 204.989.2229  
**TF:** 1.866.730.4777  
**F:** 204.944.9923

winnipeg@bakertilly.ca  
[www.bakertilly.ca](http://www.bakertilly.ca)

To the Members  
Little Grand Rapids First Nation

**Opinion**

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, 2020, and the statements of operations and accumulated surplus, consolidated statement of changes in net debt and cash flows for the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

**Basis for Opinion**

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

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

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

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

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

*(continued.....)*

### **Auditors' Responsibility for the Audit of the Financial Statements**

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

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

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

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

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
March 9, 2021

 **bakertilly**

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

2020

2019

### FINANCIAL ASSETS

Cash	\$ 513,542	\$ 26,166
Restricted cash (Note 5)	4,231,653	103,876
Accounts receivable (Note 3)	4,162,622	2,800,796
Long-term investments (Note 4)	<u>3,045,321</u>	<u>3,298,911</u>
	<u>11,953,138</u>	<u>6,229,749</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 6)	8,117,096	2,601,789
Deferred revenue (Note 7)	758,988	1,633,100
Long-term debt (Note 8)	7,437,472	7,226,903
Capital lease obligations (Note 9)	-	372,300
	<u>16,313,556</u>	<u>11,834,092</u>
Net Debt	( 4,360,418)	( 5,604,343)

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	22,765,080	18,946,721
Construction in progress (Note 11)	52,689,462	28,058,071
Prepaid expenses (Note 12)	<u>711,206</u>	<u>643,604</u>
	<u>76,165,748</u>	<u>47,648,396</u>

Accumulated surplus \$ 71,805,330 \$ 42,044,053

Contingencies (Note 13)

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)	2 0 2 0	2 0 1 9
<b>REVENUE</b>			
Indigenous Services Canada	\$ 25,966,167	\$ 25,645,423	\$ 12,622,695
First Nations and Inuit Health Branch	2,408,046	2,754,373	2,182,347
Employment and Social Development Canada	390,336	360,500	421,166
Canada Mortgage and Housing Corporation	440,000	259,121	249,421
South Beach Casino	750,000	770,000	750,000
Province of Manitoba	250,000	247,768	157,162
Norwin Construction Co. Ltd.	200,000	199,280	196,541
Other revenue	19,233,547	19,226,830	12,834,496
Funding recovery		( 71,785)	( 60,687)
Deferred from prior year	1,633,100	1,633,100	456,757
Deferred to subsequent year	( 677,986)	( 758,988)	( 1,633,100)
	<u>50,593,210</u>	<u>50,265,622</u>	<u>28,176,798</u>
<b>EXPENDITURES</b>			
Band Governance	7,073,991	6,630,030	4,375,276
Social Assistance	3,734,040	3,330,866	3,392,149
Community Infrastructure	31,673,411	3,913,277	3,278,889
Community Wellness	2,527,110	2,537,294	2,393,136
Land Management	86,301	90,537	109,120
Housing Authority	375,000	382,010	589,476
Education Authority	4,445,072	3,620,331	3,208,023
	<u>49,914,925</u>	<u>20,504,345</u>	<u>17,346,069</u>
ANNUAL SURPLUS	<u>678,285</u>	<u>29,761,277</u>	<u>10,830,729</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>42,044,053</u>	<u>42,044,053</u>	<u>31,213,324</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 42,722,338</u>	<u>\$ 71,805,330</u>	<u>\$ 42,044,053</u>

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
Annual surplus	\$ 678,285	\$ 29,761,277	\$ 10,830,729
Acquisition of tangible capital assets - net	( 5,800,000)	( 5,330,725)	( 2,006,835)
Amortization of tangible capital assets	<u>1,600,000</u>	<u>1,512,366</u>	<u>1,626,941</u>
	( 4,200,000)	( 3,818,359)	( 379,894)
Acquisition of construction in progress - net	(20,000,000)	(24,631,391)	( 8,697,651)
Acquisition of prepaid expenses	( 711,000)	( 711,206)	( 643,604)
Use of prepaid expenses	<u>644,000</u>	<u>643,604</u>	<u>327,855</u>
	( 67,000)	( 67,602)	( 315,749)
CHANGE IN NET DEBT FOR YEAR	( 23,588,715)	1,243,925	1,437,435
NET DEBT, <i>beginning of year</i>	( 5,604,343)	( 5,604,343)	( 7,041,778)
NET DEBT, <i>end of year</i>	\$ ( 29,193,058)	\$ ( 4,360,418)	\$ ( 5,604,343)

# LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 0	2 0 1 9
<b>OPERATING ACTIVITIES</b>		
Cash receipts from funding agencies and other sources	\$ 49,423,340	\$ 27,391,960
Cash paid to suppliers	( 8,517,351)	(13,065,717)
Cash paid to employees	( 6,262,524)	( 5,918,269)
Interest paid	( 276,765)	( 459,218)
	<u>34,366,700</u>	<u>7,948,756</u>
<b>INVESTING ACTIVITIES</b>		
Construction in progress	( 24,631,391)	( 8,697,651)
Purchase of tangible capital assets - net	( 5,330,725)	( 379,894)
	<u>( 29,962,116)</u>	<u>( 9,077,545)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	1,096,900	470,329
Repayment of long-term debt	( 886,331)	( 865,470)
	<u>210,569</u>	<u>( 395,141)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	<u>4,615,153</u>	<u>( 1,523,930)</u>
CASH, <i>beginning of year</i>	<u>130,042</u>	<u>1,653,972</u>
CASH, <i>end of year</i>	<u>\$ 4,745,195</u>	<u>\$ 130,042</u>
<b>CASH COMPRISED OF</b>		
Cash	\$ 513,542	\$ 26,166
Restricted cash	4,231,653	103,876
	<u>\$ 4,745,195</u>	<u>\$ 130,042</u>

# LITTLE GRAND RAPIDS FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2020**

---

### 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
- Little Grand Rapids First Nation Lake Winnipeg School Bundle
- 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.

#### *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.

#### *RESTRICTED CASH*

Restricted cash represents cash that is subject to external restrictions.

# LITTLE GRAND RAPIDS FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 2

**MARCH 31, 2020**

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

#### *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, 2020****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, 2020****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**

	2020	2019
Indigenous Services Canada (ISC)	\$ 2,506,361	\$ 1,855,240
Trade and other receivables	<u>1,656,261</u>	<u>945,556</u>
	<b><u>4,162,622</u></b>	<b><u>2,800,796</u></b>

**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.

	2020	2019
BALANCE, <i>beginning of year</i>	\$ 3,298,911	\$ 3,401,087
Share of earnings	607,542	762,146
Capital distribution	( 770,000)	( 750,000)
First Nation Trust Allocation	<u>( 91,132)</u>	<u>( 114,322)</u>
BALANCE, <i>end of year</i>	<b><u>\$ 3,045,321</u></b>	<b><u>\$ 3,298,911</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****5. RESTRICTED CASH**

	2020	2019
Ottawa Trust	\$ 17,862	\$ 16,796
CMHC Reserves	2,538	2,536
Miishipaawiitik Inc.	22,406	80,476
First Nations Bank - LWSB Capital Project	4,188,847	
First Nations Bank - Capital Project	-	4,068
	<u>\$ 4,231,653</u>	<u>\$ 103,876</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 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.

*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.

# LITTLE GRAND RAPIDS FIRST NATION

PAGE 6

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Band		
Trade payables and accrued liabilities	\$ 1,226,460	\$ 1,998,405
Indigenous Services Canada	<u>3,091</u>	<u>4,639</u>
	<u>1,229,551</u>	<u>2,003,044</u>
Health Authority		
Trade payables and accrued liabilities	45,966	66,375
First Nations and Inuit Health Branch	<u>27,035</u>	<u>-</u>
	<u>73,001</u>	<u>66,375</u>
Miishipaawiitik Inc.		
Trade payables and accrued liabilities	<u>528,423</u>	<u>532,370</u>
Lake Winnipeg School Bundle		
Trade payables and accrued liabilities	<u>6,286,121</u>	<u>-</u>
	<u>\$ 8,117,096</u>	<u>\$ 2,601,789</u>

### 7. DEFERRED REVENUE

	2020	2019
Indigenous Services Canada	\$ 668,723	\$ 1,633,100
Other	<u>90,265</u>	<u>-</u>
	<u>\$ 758,988</u>	<u>\$ 1,633,100</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 8. LONG TERM DEBT

	2020	2019
<i>Canada Mortgage and Housing Corporation</i>		
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.	\$ 631,910	\$ 676,460
Mortgage payable in monthly installments of \$2,398 including interest at 2.22%, matures June 2028, next renewal date is January 2024, secured by ministerial guarantee and a first charge on insurance.	216,820	240,508
Mortgage payable in monthly installments of \$7,047 including interest at 1.86%, matures November 2033, next renewal date is April 2024, secured by ministerial guarantee and a first charge on insurance.	1,020,244	1,085,093
Mortgage payable in monthly installments of \$1,879 including interest at 1.85%, matures June 2034, next renewal date is May 2020, secured by ministerial guarantee and a first charge on insurance.	282,363	299,520
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.	613,406	641,862
Mortgage payable in monthly installments of \$3,130 including interest at 2.39%, matures February 2033, next renewal date is February, 2023.	417,356	444,617
Mortgage payable in monthly installments of \$2,024 including interest at 2.14%, matures March 2044, next renewal date is March 2024, secured by ministerial guarantee and a first charge on insurance.	455,951	470,329
<i>First Nations Bank of Canada</i>		
Mortgage payable in monthly installments of \$2,712 including interest at 5.29%, secured by band housing.	384,404	396,431
Mortgage payable in monthly installments of \$6,376 including interest at 4.05%.	796,570	873,077
Term loan - repaid in full during the year.	8,320	
Term loan - repaid in full during the year.	-	13,670
Subtotal	<u>\$ 4,819,024</u>	<u>\$ 5,149,887</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 20208. LONG TERM DEBT *(continued)*

Subtotal from previous page	\$ <u>4,819,024</u>	\$ <u>5,149,887</u>
Term loan - repaid in full during the year.		12,370
Term loan - repaid in full during the year.		52,120
Term loan - repaid in full during the year.		28,520
Term loan payable in monthly installments of \$5,812 including interest at 6.15%.	<u>695,721</u>	721,682
Term loan payable in monthly installments of \$2,100 including interest at 7.05%.	<u>422,130</u>	447,332
Term loan payable in monthly installments of \$12,101 including interest at 4.05%.	<u>403,697</u>	814,992
Interim construction loan due on demand interest at prime rate plus 2.10%.	<u>1,096,900</u>	-
	<u>\$ 7,437,472</u>	<u>\$ 7,226,903</u>

Principal repayment terms are approximately:

2021	\$ 441,381
2022	455,657
2023	463,854
2024	337,646
2025	347,504
Thereafter	<u>5,391,430</u>
	<u>\$ 7,437,472</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****9. CAPITAL LEASE OBLIGATIONS**

	<b>2020</b>	<b>2019</b>
Capital lease obligation - repaid in full during the year.	\$	\$ 4,115
Capital lease obligation - repaid in full during the year.		99,515
Capital lease obligation - repaid in full during the year.		161,900
Capital lease obligation - repaid in full during the year.	- - -	<u>106,770</u>
	<u>\$ - - -</u>	<u>\$ 372,300</u>

# LITTLE GRAND RAPIDS FIRST NATION

PAGE 10

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2020**

### 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, 2020	March 31, 2019
Heavy equipment	\$ 3,113,651	\$ 192,508	\$	\$ 3,306,159	\$ 3,113,651	\$ 9,620	\$	\$ 3,123,271	\$ 182,888	\$ 11,063
Equipment	139,202			139,202	128,139	11,063		139,202		6,519,351
Band Housing	7,337,807	3,826,951		11,164,758	818,456	323,542		1,141,998	10,022,760	5,030,403
Infrastructure	16,237,052			16,237,052	11,206,649	520,552		11,727,201	4,509,851	656,192
Vehicles	2,923,491	182,683		3,106,174	2,267,299	271,552		2,538,851	567,323	4,636,235
CMHC housing	6,101,636	470,329		6,571,965	1,465,401	158,420		1,623,821	4,948,144	
CFS Housing	848,823	1,096,900		1,945,723	106,101	34,932		141,033	1,804,690	742,722
Heavy equipment under capital lease	<u>2,557,916</u>	<u>-</u>	<u>731,077</u>	<u>1,826,839</u>	<u>1,207,161</u>	<u>182,684</u>	<u>292,430</u>	<u>1,097,415</u>	<u>729,424</u>	<u>1,350,755</u>
	<u>\$ 39,259,578</u>	<u>\$ 5,769,371</u>	<u>\$ 731,077</u>	<u>\$ 44,297,872</u>	<u>\$20,312,857</u>	<u>\$ 1,512,365</u>	<u>\$ 292,430</u>	<u>\$ 21,532,792</u>	<u>\$ 22,765,080</u>	<u>\$ 18,946,721</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**MARCH 31, 2020**

### 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 \$52,689,462 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 2019-20 in the amount of \$27,778,671 was recognized and reported in these financial statements.

	2020	2019
Indigenous Services Canada - Shawano Consulting		
Water treatment plant	\$ 15,914,086	\$ 15,702,459
Community hall	1,373,686	1,373,686
Roads	2,945,141	2,749,795
School repairs	994,176	951,603
Lake Winnipeg School Bundle	14,650,905	
Lagoon project	<u>16,811,468</u>	<u>4,133,248</u>
	<u>52,689,462</u>	<u>24,910,791</u>
Indigenous Services Canada - Band based capital		
Construction of 5 Duplex	-	2,676,951
2 unit CMHC housing	-	470,329
Total Construction in Progress	<u>52,689,462</u>	<u>28,058,071</u>

### 12. PREPAID EXPENSES

	2020	2019
Other	\$ 166,653	\$
Prepaid fuel - winter road	469,372	565,822
Prepaid insurance	<u>75,181</u>	<u>77,782</u>
	<u>\$ 711,206</u>	<u>\$ 643,604</u>

### 13. CONTINGENCIES

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, 2020 might be recovered by the agencies.

A claim has been filed by Blair Owen against Little Grand Rapids First Nation and the individual Chief and Councillors for an unknown amount of lost wages.

Her Majesty The Queen In Right of the Province of Manitoba has claimed against Little Grand Rapids First Nation and a related corporate entity for \$302,988.65. Little Grand Rapids First Nation has counter-claimed in the amount of \$1,856,546.80. The outcome of the claim was not certain as at March 31, 2020.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 14. SUBSEQUENT EVENT

#### COVID-19

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments.

### 15. INDIGENOUS SERVICES CANADA FUNDING RECONCILIATION

	2020	2019
ISC funding per funding confirmation	\$ 23,548,149	\$ 12,764,817
Add: Advance on 2020/21 funding - LWSB project	2,097,274	
Less: ISC underfunded social assistance	-	( 142,122)
ISC funding per financial statements	<u>\$ 25,645,423</u>	<u>\$ 12,622,695</u>

### 16. FIRST NATIONS AND INUIT HEALTH (FNIHB) FUNDING RECONCILIATION

	2020	2019
FNIHB funding per financial statements and funding confirmation	<u>\$ 2,754,373</u>	<u>\$ 2,182,347</u>

### 17. ECONOMIC DEPENDENCE

Little Grand Rapids First Nation receives the majority of its revenue from Indigenous Services Canada (ISC) 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 ISC 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.

### 18. 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, 2020****19. CONSOLIDATED EXPENSES BY OBJECT**

	2020	2019
Amortization	\$ 1,512,366	\$ 1,626,941
Bank charges and interest	276,765	459,218
Compensation	6,262,524	5,918,269
Office	267,290	183,981
Professional fee	299,842	653,641
Program expenses	3,590,317	1,389,831
Repairs and maintenance	1,566,166	1,856,263
Social assistance	3,216,326	3,208,974
Support to community and members	2,518,971	1,154,056
Travel, accommodation, and related costs	<u>993,778</u>	<u>894,895</u>
	<u><u>\$ 20,504,345</u></u>	<u><u>\$ 17,346,069</u></u>

**20. 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.

**21. COMPARATIVE FIGURES**

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

**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

PAGE 14

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 23. SEGMENTED DISCLOSURE

	BAND GOVERNANCE		SOCIAL ASSISTANCE		COMMUNITY INFRASTRUCTURE		COMMUNITY WELLNESS		LAND MANAGEMENT	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>										
Federal Government										
ISC	\$ 1,076,473	\$ 1,292,507	\$ 3,396,391	\$ 3,144,199	\$ 2,014,524	\$ 4,501,400	\$ 2,754,373	\$ 2,182,347	\$	\$
FNIHB	360,500	421,166								
ESDC	(1,548)	(8,420)					(70,237)	(52,267)		
Recoveries										
Subtotal	1,435,425	1,705,253	3,396,391	3,144,199	2,014,524	4,501,400	2,684,136	2,130,080		
Province of Manitoba	247,768	157,162								
Other	5,803,025	4,670,195	(73,252)	-	14,884,505	7,237,409	212,753	438,269	86,301	109,120
<b>Total revenue</b>	<b>7,486,218</b>	<b>6,532,610</b>	<b>3,323,139</b>	<b>3,144,199</b>	<b>16,899,029</b>	<b>11,738,809</b>	<b>2,896,889</b>	<b>2,568,349</b>	<b>86,301</b>	<b>109,120</b>
<b>Expenses</b>										
Salaries and benefits	1,423,556	1,453,131	114,540	183,175	800,678	840,464	1,162,744	865,801	70,174	74,401
Debt servicing (interest)	148,426	202,280			6,119	7,844	2,716	7,670		
Amortization					1,353,946	1,474,400				
Other	5,058,048	2,719,865	3,216,326	3,208,974	1,752,534	956,181	1,371,834	1,519,665	20,363	34,719
<b>Total expenses</b>	<b>6,630,030</b>	<b>4,375,276</b>	<b>3,330,866</b>	<b>3,392,149</b>	<b>3,913,277</b>	<b>3,278,889</b>	<b>2,537,294</b>	<b>2,393,136</b>	<b>90,537</b>	<b>109,120</b>
<b>Surplus (Deficit)</b>	<b>\$ 856,188</b>	<b>\$ 2,157,334</b>	<b>\$( 7,727)</b>	<b>\$( 247,950)</b>	<b>\$ 12,985,752</b>	<b>\$ 8,459,920</b>	<b>\$ 359,595</b>	<b>\$ 175,213</b>	<b>\$( 4,236)</b>	<b>\$ -</b>

# LITTLE GRAND RAPIDS FIRST NATION

PAGE 15

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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

	HOUSING AUTHORITY		EDUCATION AUTHORITY		TOTAL	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>						
Federal Government						
ISC	\$	\$	\$ 19,158,035	\$ 3,684,589	\$ 25,645,423	\$ 12,622,695
FNIHB					2,754,373	2,182,347
CMHC	259,121	249,421			259,121	249,421
ESDC					360,500	421,166
Recoveries	—	—	—	—	( 71,785)	( 60,687)
Subtotal	259,121	249,421	19,158,035	3,684,589	28,947,632	15,414,942
Province of Manitoba					247,768	157,162
Other	124,259	149,701	32,631	—	21,070,222	12,604,694
<b>Total revenue</b>	<b>383,380</b>	<b>399,122</b>	<b>19,190,666</b>	<b>3,684,589</b>	<b>50,265,622</b>	<b>28,176,798</b>
<b>Expenses</b>						
Salaries and benefits						
Debt servicing (interest)	115,854	237,924	2,690,832	2,501,297	6,262,524	5,918,269
Amortization	158,420	152,541	3,650	3,500	276,765	459,218
Other	107,736	199,011	925,849	703,226	1,512,366	1,626,941
<b>Total expenses</b>	<b>382,010</b>	<b>589,476</b>	<b>3,620,331</b>	<b>3,208,023</b>	<b>20,504,345</b>	<b>17,346,069</b>
<b>Surplus (Deficit)</b>	<b>\$ 1,370</b>	<b>\$ ( 190,354)</b>	<b>\$ 15,570,335</b>	<b>\$ 476,566</b>	<b>\$ 29,761,277</b>	<b>\$ 10,830,729</b>