
LITTLE GRAND RAPIDS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

LITTLE GRAND RAPIDS FIRST NATION

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MARCH 31, 2021

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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

Councillor

Wendy Louegue

Hilda G.

Councillor

Councillor

Chad G.

INDEPENDENT AUDITOR'S REPORT

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To the Chief, Council and Membership
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, 2021, and the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Little Grand Rapids First Nation as at March 31, 2021, 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.....)

Auditor's 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
August 31, 2021

 **bakertilly**

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

2021

2020

FINANCIAL ASSETS

Cash	\$ 6,099,919	\$ 513,542
Restricted cash (Note 3)	10,834,175	4,231,653
Accounts receivable (Note 4)	1,606,437	4,162,622
Inventory (Note 5)	386,354	
Investments (Note 6)	<u>1,822,512</u>	<u>3,045,321</u>
	<u>20,749,397</u>	<u>11,953,138</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 7)	9,119,848	8,117,096
Deferred revenue (Note 8)	4,453,669	758,988
Long term debt (Note 9)	<u>7,948,493</u>	<u>7,437,472</u>
	<u>21,522,010</u>	<u>16,313,556</u>
Net debt	(772,613)	(4,360,418)

NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	58,064,257	22,765,080
Construction in progress (Note 11)	26,325,317	52,689,462
Prepaid expenses	<u>107,719</u>	<u>711,206</u>
	<u>84,497,293</u>	<u>76,165,748</u>
Accumulated surplus	\$ 83,724,680	\$ 71,805,330

Contingencies (Note 12)

Approved by Chief and Council

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Chief

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Wendy Louque
Councillor

.....
Hilda C.

.....
Chief
Councillor
.....
Councillor
.....

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 1	2 0 2 0
REVENUE			
Indigenous Services Canada	\$ 14,494,990	\$ 25,154,643	\$ 39,737,565
First Nations and Inuit Health	3,797,127	3,534,736	2,684,136
Canada Mortgage and Housing Corporation	608,480	608,052	449,121
Employment and Social Development Canada	434,000	241,719	360,500
Canadian Heritage	38,000	38,000	
Assembly of Manitoba Chiefs	747,392	747,392	
Band generated revenue	2,210,000	2,881,917	4,564,432
South Beach Casino Partnership income			770,000
Rental	279,360	290,470	793,817
Other revenue	1,172,899	1,794,676	906,051
Elimination for inter-department transactions	<u>-</u>	<u>(893,322)</u>	<u>(863,591)</u>
	<u>23,782,248</u>	<u>34,398,283</u>	<u>49,402,031</u>
EXPENDITURES			
Band Governance	4,640,280	5,191,989	6,630,030
Social Assistance	4,022,298	3,930,606	3,330,866
Education	4,616,878	3,799,094	3,620,331
Community Infrastructure	7,737,233	7,098,608	3,913,277
Community Wellness	2,328,635	2,902,440	2,537,294
Land Management	65,400	65,400	90,537
Housing Authority	371,524	384,118	382,010
Elimination for inter-department transactions	<u>-</u>	<u>(893,322)</u>	<u>(863,591)</u>
	<u>23,782,248</u>	<u>22,478,933</u>	<u>19,640,754</u>
ANNUAL SURPLUS	<u>-</u>	<u>11,919,350</u>	<u>29,761,277</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>71,805,330</u>	<u>71,805,330</u>	<u>42,044,053</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 71,805,330</u>	<u>\$ 83,724,680</u>	<u>\$ 71,805,330</u>

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2021	2020
Annual surplus	\$ _____ -	\$ <u>11,919,350</u>	\$ <u>29,761,277</u>
Acquisition of tangible capital assets and construction in progress		(<u>14,437,543</u>)	(<u>29,962,116</u>)
Amortization of tangible capital assets	<u>-</u>	<u>5,502,511</u>	<u>1,512,366</u>
	<u>-</u>	<u>(8,935,032)</u>	<u>(28,449,750)</u>
Acquisition of prepaid expenses		(<u>107,719</u>)	(<u>711,206</u>)
Use of prepaid expenses	<u>-</u>	<u>711,206</u>	<u>643,604</u>
	<u>-</u>	<u>603,487</u>	<u>(67,602)</u>
CHANGE IN NET DEBT FOR YEAR		3,587,805	1,243,925
NET DEBT, <i>beginning of year</i>	(<u>4,360,418</u>)	(<u>4,360,418</u>)	(<u>5,604,343</u>)
NET DEBT, <i>end of year</i>	\$ (<u>4,360,418</u>)	\$ (<u>772,613</u>)	\$ (<u>4,360,418</u>)

LITTLE GRAND RAPIDS FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 1	2 0 2 0
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OPERATING ACTIVITIES

Cash received from Indigenous Services Canada	\$ 31,114,189	\$ 37,160,781
Cash receipts from funding agencies and other sources	9,323,128	11,492,559
Cash paid to suppliers and employees	(14,267,737)	(14,779,875)
Interest paid	(265,991)	(276,765)
	<u>25,903,589</u>	<u>33,596,700</u>

CAPITAL ACTIVITIES

Acquisition of construction in progress	(11,674,412)	(24,631,391)
Acquisition of tangible capital assets	(2,763,131)	(5,330,725)
	<u>(14,437,543)</u>	<u>(29,962,116)</u>

INVESTING ACTIVITY

South Beach Casino income distribution received	<u>211,832</u>	<u>770,000</u>
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FINANCING ACTIVITIES

Proceeds from long-term debt	1,009,660	1,096,900
Repayment of long-term debt	(498,639)	(886,331)
	<u>511,021</u>	<u>210,569</u>

NET INCREASE IN CASH DURING YEAR

12,188,899

CASH, *beginning of year*

4,745,195

CASH, *end of year*

\$ 16,934,094

§ 4,745,195

CASH COMPRISED OF

Cash	\$ 6,099,919	\$ 513,542
Restricted cash	10,834,175	4,231,653
	<u>\$ 16,934,094</u>	<u>§ 4,745,195</u>

LITTLE GRAND RAPIDS FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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 report the financial activities of all entities and departments comprising the reporting entity of Little Grand Rapids First Nation.

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 Bulk Fuels
- Little Grand Rapids First Nation Health Authority
- Miishipaaawiitik Inc.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Little Grand Rapids First Nation business entities owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations and government partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- South Beach Casino Limited Partnership

ASSET CLASSIFICATION

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid expenses and prepaid expenses.

CASH AND CASH EQUIVALENTS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2021****2. SIGNIFICANT ACCOUNTING POLICIES *(continued)******RESTRICTED CASH***

Restricted cash represents cash that is subject to external restrictions.

INVENTORY

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

INVESTMENTS

Portfolio investments are recorded at fair market value. Little Grand Rapid's investment in commercial enterprises are accounted using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for Little Grand Rapid's share of the commercial enterprises' income or loss less dividends.

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 stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates

Heavy equipment	10%
Equipment	10 - 20%
Buildings	2.5%
Infrastructure	2.5 - 3.3%
Vehicles	20 - 33%

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

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

The First Nation conducts its business through a number of reportable segments. 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.

REVENUE RECOGNITION

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, inventory, investments, accounts payable and accrued liabilities and long term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of First Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and investments, the carrying value as presented in financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For investments in government business enterprises and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates. Items requiring significant estimates include the allowance for doubtful accounts and the useful life of tangible capital assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2021****3. RESTRICTED CASH****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 Replacement Reserve

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 tangible capital assets. 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 by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2021, \$2,518 (2020 - \$2,538) had been deposited into separate accounts leaving an under funded balance of \$849,645 (2020 - \$776,212).

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.

At the end of the year, the restricted cash consisted of the following balances:

	2 0 2 1	2 0 2 0
Ottawa Trust	\$ 19,202	\$ 17,862
CMHC Replacement Reserve	2,518	2,538
Miishipaawiitik Inc.	14,469	22,406
First Nations Bank - LWSB Capital Project	<u>10,797,986</u>	<u>4,188,847</u>
	<u><u>\$ 10,834,175</u></u>	<u><u>\$ 4,231,653</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

4. ACCOUNTS RECEIVABLE

	2 0 2 1	2 0 2 0
Indigenous Services Canada	\$ 100,000	\$ 26,380
Basic Needs	163,128	73,252
Basic Needs COVID-19	50,000	163,128
Firesmart	11,500	33,278
Major Renos, Expansion & Repair	50,000	11,500
Perimeter Security	11,500	94,416
Preparedness/Mitigation	7,133	2,097,274
Response COVID-19	7,133	7,133
School Project		
Special Needs		
First Nation and Inuit Health		
Community Health Representative	3,712	
Mental Wellness	11,901	
Community Facilities O&M	9,410	
Nurse Support	2,136	
Aboriginal Headstart	3,076	
Health Planning Management	3,491	
Medical Transportation	21,500	
Medical Transportation Administration	50,525	
Medical Transportation Vehicle	205,712	
Canada Mortgage and Housing Corporation	21,484	
Goods and services tax	68,853	22,494
Province of Manitoba	353,075	355,814
Trade and other receivables	542,295	1,300,447
Sub-total	1,628,931	4,185,116
Less: allowance for doubtful accounts	(22,494)	(22,494)
	<u>\$ 1,606,437</u>	<u>\$ 4,162,622</u>

5. INVENTORY

	2 0 2 1	2 0 2 0
Fuel	<u>\$ 386,354</u>	\$ -

6. 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 2 1	2 0 2 0
BALANCE, <i>beginning of year</i>	\$ 3,045,321	\$ 3,298,911
Share of earnings	(1,010,977)	607,542
Capital distribution	(211,832)	(770,000)
First Nation Trust Allocation	-	(91,132)
BALANCE, <i>end of year</i>	<u>\$ 1,822,512</u>	<u>\$ 3,045,321</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 1	2 0 2 0
Indigenous Services Canada - Schools O&M	\$ 3,091	\$ 3,091
Accrued interest	5,628	
Accrued liabilities	77,000	66,984
Accrued wages	82,967	46,228
Holdback payable	198,190	198,190
Province of Manitoba	302,989	302,989
School Project payables	6,531,176	6,286,121
Trade payables and other	<u>1,918,807</u>	<u>1,213,493</u>
	<u><u>\$ 9,119,848</u></u>	<u><u>\$ 8,117,096</u></u>

8. DEFERRED REVENUE

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
Basic Needs COVID-19	73,252	
Capacity Building	15,500	
Capacity/Innovation	70,000	
Community Based Initiative	233,177	
Firesmart	163,128	
Housing Renovation	186,859	
Law-Making Government Capacity Development	7,750	
Preparedness/Mitigation	11,500	
Response COVID-19	94,416	
School Project	4,266,810	
Other	-	90,265
	<u><u>\$ 4,453,669</u></u>	<u><u>\$ 758,988</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

9. LONG TERM DEBT

	2 0 2 1	2 0 2 0
Mortgage payable to CMHC, 1.84%, repayable in monthly installments of \$4,717 (P&I), due September 2022.	\$ 586,484	\$ 631,910
Mortgage payable to CMHC, 2.22%, repayable in monthly installments of \$2,398 (P&I), due January 2024.	192,583	216,820
Mortgage payable to CMHC, 1.86%, repayable in monthly installments of \$7,047 (P&I), due April 2024.	953,991	1,020,244
Mortgage payable to CMHC, 0.96%, repayable in monthly installments of \$1,769 (P&I), due March 2026.	264,052	282,363
Mortgage payable to CMHC, 2.13%, repayable in monthly installments of \$3,485 (P&I), due October 2022.	584,281	613,406
Mortgage payable to CMHC, 2.39%, repayable in monthly installments of \$3,130 (P&I), due February 2023.	389,394	417,356
Mortgage payable to CMHC, 2.14%, repayable in monthly installments of \$2,024 (P&I), due March 2024.	441,219	455,951
Mortgage payable to First Nations Bank of Canada, 5.29%, repayable in monthly installments of \$2,712 (P&I), due October 2023.	371,676	384,404
Term loan payable to First Nations Bank of Canada, 4.05%, repayable in monthly variable installments of \$6,376 plus interest, due September 2023.	720,063	796,570
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly installments of \$5,812 (P&I), due October 2025.	668,406	695,721
Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly variable installments of \$6,100 plus interest, due December 2024.	396,928	422,130
Term loan payable to First Nations Bank of Canada, 4.05%, repayable in monthly installments of \$12,101 (P&I), due April 2021.	272,856	403,697
Demand interim loan payable to First Nations Bank of Canada, 4.55%, due on demand.	1,096,900	1,096,900
Demand interim loan payable to First Nations Bank of Canada, 4.30%, due on demand.	<u>1,009,660</u>	-
	<u>\$ 7,948,493</u>	<u>\$ 7,437,472</u>

Mortgages payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by Indigenous Services Canada.

The aggregate of payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

2022	\$ 2,676,655
2023	576,682
2024	447,814
2025	455,347
2026	463,113

LITTLE GRAND RAPIDS FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	March 31, 2021	March 31, 2020
Heavy equipment	\$ 5,132,998	\$ 238,551	\$ 5,371,549	\$ 4,220,686	\$ 766,717	\$ 4,987,403	\$ 384,146	\$ 912,312
Equipment	139,202		139,202	139,202		139,202		
Band Housing	11,164,758		11,164,758	1,141,998	284,012	1,426,010	9,738,748	10,022,760
Infrastructure	16,237,052	37,167,081	53,404,133	11,727,201	3,496,308	15,223,509	38,180,624	4,509,851
Vehicles	3,106,174	1,028,194	4,134,368	2,538,851	441,662	2,980,513	1,153,855	567,323
CMHC housing	6,571,965	2,367,862	8,939,827	1,623,821	226,047	1,849,868	7,089,959	4,948,144
CFS Housing	<u>1,945,723</u>	<u>-</u>	<u>1,945,723</u>	<u>141,033</u>	<u>287,765</u>	<u>428,798</u>	<u>1,516,925</u>	<u>1,804,690</u>
	<u>\$ 44,297,872</u>	<u>\$ 40,801,688</u>	<u>\$ 85,099,560</u>	<u>\$ 21,532,792</u>	<u>\$ 5,502,511</u>	<u>\$ 27,035,303</u>	<u>\$ 58,064,257</u>	<u>\$ 22,765,080</u>

11. CONSTRUCTION IN PROGRESS

	2 0 2 1	2 0 2 0
Community hall	\$ 1,373,686	
Housing - CMHC Rapid Housing 6 Plex project	120,577	
Housing - ISC 14 Unit project	2,395,660	
Lagoon project		16,811,468
Roads		2,945,141
School project	23,809,080	14,650,905
School repairs		994,176
Water treatment plant	-	15,914,086
	\$ 26,325,317	\$ 52,689,462

Construction in progress will be transferred to tangible capital assets upon completion and will be amortized accordingly.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2021****12. CONTINGENCIES**

- a) The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.
- b) 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 \$302,989. Little Grand Rapids First Nation has counter-claimed in the amount of \$1,856,547 The outcome of the claim was not certain as at March 31, 2021.

13. COVID-19

Since December 31, 2019, 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 conditions 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.

14. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 2 1	2 0 2 0
Agreement No. 2021-MB-000028	\$ 29,815,424	\$ 23,548,149
Plus: Revenue deferred from previous years	668,723	1,633,100
Prior year Basic Needs top-up funding	10,052	
Advance on 2020/21 funding for School Project	2,097,274	
I.S.C. Capital Project funding directly to Shawano Consulting	1,211,387	13,127,765
Less: Revenue deferred to following year	(4,453,669)	(668,723)
Advance on 2020/21 funding for School Project	<u>(2,097,274)</u>	-
Total I.S.C. Revenue per Financial Statements	<u>25,154,643</u>	39,737,565
Agreement No. 1718-MB-000001	3,612,997	2,754,373
Less: F.N.I.H. Recoveries	(78,261)	(70,237)
Total F.N.I.H. Revenue per Financial Statements	<u>3,534,736</u>	2,684,136
TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	\$ 28,689,379	\$ 42,421,701

15. ECONOMIC DEPENDENCE

Little Grand Rapids First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2021****16. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 2 1	2 0 2 0
Community events and assistance	\$ 1,066,859	\$ 2,473,454
Administration fees	640,767	586,980
Amortization of capital assets	5,502,511	1,512,366
Bank charges	35,929	54,359
Equipment	654,189	888,518
Freight	2,312	64,331
Fuel and oil	605,855	911,325
Insurance	265,991	169,997
Interest on long term debt	261,842	221,615
Loss on investment	1,010,977	
Office and general	50,795	170,332
Other	32,355	18,309
Professional development	10,214	16,050
Professional fees	765,234	1,159,003
Rent	118,236	88,700
Repairs and maintenance	766,009	544,343
Salaries and benefits	6,525,009	6,323,554
Social assistance	3,514,164	3,058,072
Supplies	986,241	873,019
Telephone	47,258	137,285
Travel	324,185	1,029,116
Utilities	185,323	203,617
Elimination for inter-department transactions	<u>(893,322)</u>	<u>(863,591)</u>
	<u>\$ 22,478,933</u>	<u>\$ 19,640,754</u>

17. COMPARATIVE FIGURES

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

LITTLE GRAND RAPIDS FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

18. SEGMENTED DISCLOSURE

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

	BAND GOVERNANCE		SOCIAL ASSISTANCE		EDUCATION		COMMUNITY INFRASTRUCTURE	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues								
Federal Government								
ISC	\$ 1,227,508	\$ 1,068,723	\$ 4,885,748	\$ 3,266,641	\$ 4,788,846	\$ 4,539,761	\$ 12,817,452	\$ 30,862,440
FNIH								
CMHC								
ESDC	241,719	360,500						
Canadian Heritage	<u>38,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	1,507,227	1,429,223	4,885,748	3,266,641	4,788,846	4,539,761	12,817,452	30,862,440
Other	<u>3,924,299</u>	<u>6,056,995</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>1,246,612</u>	<u>553,992</u>
Total revenue	<u>5,431,526</u>	<u>7,486,218</u>	<u>4,885,748</u>	<u>3,266,641</u>	<u>4,806,846</u>	<u>4,539,761</u>	<u>14,064,064</u>	<u>31,416,432</u>
Expenses								
Amortization							5,267,935	1,353,946
Debt servicing	119,223	71,078					67,842	74,596
Other	3,942,060	5,094,461	3,701,016	3,106,979	796,671	929,499	1,353,921	1,768,575
Salaries and benefits	<u>1,130,706</u>	<u>1,464,491</u>	<u>229,590</u>	<u>223,887</u>	<u>3,002,423</u>	<u>2,690,832</u>	<u>408,910</u>	<u>716,160</u>
Total expenses	<u>5,191,989</u>	<u>6,630,030</u>	<u>3,930,606</u>	<u>3,330,866</u>	<u>3,799,094</u>	<u>3,620,331</u>	<u>7,098,608</u>	<u>3,913,277</u>
Surplus (Deficit)	<u>\$ 239,537</u>	<u>\$ 856,188</u>	<u>\$ 955,142</u>	<u>\$ (64,225)</u>	<u>\$ 1,007,752</u>	<u>\$ 919,430</u>	<u>\$ 6,965,456</u>	<u>\$ 27,503,155</u>

LITTLE GRAND RAPIDS FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

18. SEGMENTED DISCLOSURE *(continued)*

	COMMUNITY WELLNESS		LAND MANAGEMENT			HOUSING AUTHORITY		ELIMINATIONS		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
Revenues											
Federal Government											
ISC	\$ 1,435,089	\$	\$	\$	\$	\$	\$	\$	\$ 25,154,643	\$ 39,737,565	
FNIH	3,534,736		2,684,136						3,534,736	2,684,136	
CMHC						608,052	449,121		608,052	449,121	
ESDC									241,719	360,500	
Canadian Heritage	—	—	—	—	—	—	—	—	38,000	—	
Subtotal	4,969,825		2,684,136	—	608,052	449,121	—	—	29,577,150	43,231,322	
Other	241,816		212,753	65,400	86,301	218,328	124,259	(893,322)	(863,591)	4,821,133	6,170,709
Total revenue	5,211,641		2,896,889	65,400	86,301	826,380	573,380	(893,322)	(863,591)	34,398,283	49,402,031
Expenses											
Amortization	8,529				226,047	158,420			5,502,511	1,512,366	
Debt servicing					74,777	75,941			261,842	221,615	
Other	1,199,391		1,379,284	6,540	20,363	83,294	147,649	(893,322)	(863,591)	10,189,571	11,583,219
Salaries and benefits	1,694,520		1,158,010	58,860	70,174	—	—	—	—	6,525,009	6,323,554
Total expenses	2,902,440		2,537,294	65,400	90,537	384,118	382,010	(893,322)	(863,591)	22,478,933	19,640,754
Surplus (Deficit)	\$ 2,309,201		\$ 359,595	\$ —	\$ (4,236)	\$ 442,262	\$ 191,370	\$ —	\$ 11,919,350	\$ 29,761,277	