

**BARREN LANDS FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018**

BARREN LANDS FIRST NATION

MARCH 31, 2018

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MANAGEMENT'S RESPONSIBILITY

To the Members of Barren Lands First Nation:

Management is responsible for the preparation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

Zaplitny and Zamrykut, Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

September 7, 2018

	Chief		Councillor
	Councillor		Councillor

INDEPENDENT AUDITORS' REPORT

To the Members of Barren Lands First Nation:

We have audited the consolidated statement of financial position of the Barren Lands First Nation as at March 31, 2018 and the consolidated statements of operations, changes in net debt, cash flows, and the consolidated schedule of tangible capital assets (Schedule 1) 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 financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Basis for Qualified Opinion

We were unable to satisfy ourselves with the year end physical count of the fuel inventory held as at March 31, 2018. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, and the elements making up the consolidated statement of income, changes in net financial assets and cash flows.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, these consolidated financial statements present fairly, in all material respects, the financial position of the Barren Lands First Nation as at March 31, 2018 and the results of its operations and accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information presented in the supplementary schedules is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected only to auditing procedures applied in the audit of the basic financial statements, taken as a whole.



Zaphryny and Zamrykut,
Chartered Professional Accountants

Dauphin, Manitoba
September 7, 2018

BARREN LANDS FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 482,644	\$ -
Restricted Cash - Note 3	351,575	274,419
Accounts Receivable - Note 4	212,163	204,298
Fuel Inventory	573,131	401,666
Long-Term Investments - Note 5	10	10
Due from TLE Trust	235,911	236,265
	1,855,434	1,116,658
LIABILITIES		
Bank Indebtedness	-	443,991
Accounts Payable and Accrued Liabilities - Note 6	652,225	306,201
Deferred Revenue - Note 7	995,851	606,409
Long-Term Debt - Note 8	1,655,038	1,786,244
	3,303,114	3,142,845
NET DEBT	(1,447,680)	(2,026,187)
NON-FINANCIAL ASSETS		
Prepaid Expenses	76,134	-
Construction in Progress	2,153,442	-
Tangible Capital Assets - Schedule 1	6,912,314	5,672,795
	9,141,890	5,672,795
ACCUMULATED SURPLUS - NOTE 11	\$ 7,694,210	\$ 3,646,608

Contingent Liabilities - Note 9

Approved on Behalf of the Council

	Chief		Councillor
	Councillor		Councillor

(The accompanying notes are an integral part of these financial statements.)

BARREN LANDS FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Indigenous and Northern Affairs Canada (INAC)	\$ 2,706,845	\$ 5,915,158	\$ 4,433,047
First Nation and Inuit Health (FNIH)	1,015,422	2,135,761	1,492,402
Canada Mortgage and Housing Corporation (CMHC)	193,206	361,428	219,860
Other	198,872	476,093	534,672
Keewatin Tribal Council	42,963	342,299	245,340
Fuel Sales	307,170	133,598	142,789
Province of Manitoba	187,067	290,375	297,959
Rent	40,236	87,984	87,984
Interest	-	209	269
Revenue Deferred in Prior Year - Note 7	-	606,408	237,840
Revenue Deferred to Subsequent Year-Note 7	-	(995,850)	(606,408)
	4,691,781	9,353,463	7,085,754
EXPENSES			
Governance and Administration	578,318	608,594	721,485
Social	1,049,837	1,394,861	1,429,367
Health	1,152,881	2,046,709	1,543,860
Housing	200,915	364,671	306,840
Economic Development	48,002	152,522	61,743
Education	173,714	179,951	223,070
Operations and Maintenance	753,603	1,106,991	2,028,626
Training and Other	933,391	634,238	745,759
	4,890,661	6,488,537	7,060,750
ANNUAL SURPLUS (DEFICIT)	\$ (198,880)	2,864,926	25,004
ACCUMULATED SURPLUS, BEGINNING OF YEAR		3,646,608	3,621,604
PRIOR PERIOD ADJUSTMENTS - Note 21		1,182,676	-
ACCUMULATED SURPLUS, END OF YEAR		\$ 7,694,210	\$ 3,646,608

(The accompanying notes are an integral part of these financial statements.)

BARREN LANDS FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
ANNUAL SURPLUS	\$ 2,864,926	\$ 25,004
Acquisition of Capital Assets	(1,641,696)	(86,116)
Decrease (Increase) in Construction in Progress	(2,153,443)	-
Amortization of Capital Assets	402,178	373,738
Prepaid Expenses	(76,134)	2,835
Prior Period Adjustments - Note 21	1,182,676	-
DECREASE (INCREASE) IN NET DEBT	578,507	315,461
NET DEBT, BEGINNING OF YEAR	(2,026,187)	(2,341,648)
NET DEBT, END OF YEAR	\$ (1,447,680)	\$ (2,026,187)

(The accompanying notes are an integral part of these financial statements.)

BARREN LANDS FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31, 2018

	2018	2017
CASH PROVIDED BY OPERATING ACTIVITIES		
Annual Surplus	\$ 2,864,926	\$ 25,004
Prior Period Adjustment - Note 21	1,182,676	-
Amortization	402,178	373,738
Accounts Receivable	(7,865)	59,771
Inventory	(171,465)	22,111
Accounts Payable and Accrued Liabilities	346,024	(698,671)
Deferred Revenue	389,442	368,569
Prepaid Expenses	(76,134)	2,835
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,929,782	153,357
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(131,206)	(163,016)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(131,206)	(163,016)
CASH FROM INVESTING ACTIVITIES		
Purchase of Capital Assets	(1,641,696)	(86,116)
(Increase) Decrease in Construction in Progress	(2,153,443)	-
Advances from TLE Trust	354	355
CASH USED IN INVESTING ACTIVITIES	(3,794,785)	(85,761)
NET CASH INCREASE (DECREASE) IN BANK INDEBTEDNESS	1,003,791	(95,420)
BANK INDEBTEDNESS, beginning of year	(169,572)	(74,152)
BANK INDEBTEDNESS, end of year	\$ 834,219	\$ (169,572)
Bank Indebtedness consists of:	2018	2017
Cash	\$ 482,644	\$ -
Restricted Cash	351,575	274,419
Bank Indebtedness	-	(443,991)
	\$ 834,219	\$ (169,572)

(The accompanying notes are an integral part of these financial statements.)

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

1. OPERATIONS

The Barren Lands First Nation (The "First Nation") is located in the province of Manitoba and provides various services to its members. Barren Lands First Nation includes the government, and all related entities that 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:

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The consolidated financial statements are presented on a consolidated basis which includes the unincorporated business operations which are owned and/or controlled by the First Nation and programs for which separate financial statements are issued as listed in the significant accounting policies notes under the *segments* heading.

There are no incorporated business entities which are owned or controlled by the First Nation.

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Fuel Inventory

Fuel Inventory consists of heating oil and gasoline. Inventory is valued at the lower of cost or net realizable value using the first in, first out method.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

Band Houses	5% declining balance
Buildings	5% declining balance
CMHC Houses	5% declining balance
Equipment	20% declining balance
Fuel Depot	30% declining balance
Motor Vehicles	20% declining balance
Roads	5% declining balance
Water and Wastewater Systems	5% declining balance

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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 amount of an asset exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying amount exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

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 is comprised of two components, non-financial assets and 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 First Nation unless they are sold.

Financial Instruments

Financial instruments include cash, restricted cash, accounts receivable, bank indebtedness, accounts payable and accruals 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 long-term debt is approximated by its carrying value as the terms and conditions of similar instruments are not materially different from those associated with the First Nation's long term debt.

Revenue recognition

Government transfer revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Other revenue is recognized by the First Nation when the services are provided or goods are shipped.

Other Revenue

Rent is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectibility of its rent revenue and records a bad debt expense and allowance for doubtful accounts for amounts designated as unlikely to be collected.

Other revenue is recognized by the First Nation when services are provided or goods are shipped and collectibility is reasonably assured.

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement uncertainty

The preparation of consolidated financial statements in accordance 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 expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of the related tangible capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Segments

The First Nation conducts its business through 9 reportable segments as reported below. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The First Nation's segments are as follows:

Governance and Administration - reports on governance and administration activities

Social - reports on social assistance programs

Health - reports on health and wellness programs funded by FNIH

Housing - reports on activities related to developing and sustaining housing including CMHC subsidized housing

Economic Development - reports on services that facilitate economic development

Education - reports on the operations of education programs

Operations and Maintenance - reports on general operations and maintenance programs in the First Nation

Ottawa Trust - reports on funding held in the Ottawa Trust

Training and Other - reports on training and other activities

Inter-segment transfers are recorded at their exchange amount. 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.

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Liability for Contaminated Site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information on March 31, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

3. RESTRICTED CASH

	2018	2017
CMHC Replacement Reserve	\$ 341,923	\$ 264,976
Ottawa Trust	9,652	9,443
	<u>\$ 351,575</u>	<u>\$ 274,419</u>

CMHC Replacement Reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited an annual amount based on the number and type of houses available for use. These funds, along with accumulated interest, 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. The First Nation is currently in contravention of its major funding agreement with CMHC. At year end the specified replacement reserve bank account was underfunded by \$341,923

(2016/17 - \$264,976).

Ottawa Trust

The Ottawa Trust funds are held in trust in the consolidated revenue fund of the Government of Canada and subject to audit by the office of the Auditor General of Canada. Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the statement of financial position with an offsetting amount in members' equity and consist of:

- Capital Trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation capital assets.
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

4. ACCOUNTS RECEIVABLE

	2018	2017
INAC, per confirmation	\$ 2,025	\$ 16,180
Other	210,138	188,118
	<u>\$ 212,163</u>	<u>\$ 204,298</u>

5. LONG TERM INVESTMENTS

The investment in the Barren Lands Construction Co. Ltd. is accounted for using the cost method. The First Nation holds a 10% interest in the company.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
INAC, prior year recoveries	\$ -	\$ -
Source Deductions	4,509	18,972
Other	647,716	287,229
	<u>\$ 652,225</u>	<u>\$ 306,201</u>

7. DEFERRED REVENUE

	2018	2017
INAC - Capital Water Systems	\$ 20,833	\$ 20,833
INAC - Capital Wastewater Systems Lagoon	-	166,390
INAC - Capital Wastewater Systems	48,980	143,662
INAC - Capital Duplex	-	248,358
INAC - Economic Development	37,344	27,166
INAC - Capital Major Renovations	100,000	-
INAC - Capital Band Office Repairs	25,000	-
INAC - Capital Duplexes	692,958	-
Keewatin Tribal Council - Daycare Capital	70,736	-
	<u>\$ 995,851</u>	<u>\$ 606,409</u>

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

8. LONG TERM DEBT

	2018	2017
First Nation Bank, with annual payments of \$3,672 plus interest at 6.75%, maturing November 2019. The loan is secured by a Band Council Resolution guaranteeing repayment	\$ 73,442	\$ 88,130
CMHC mortgage, with payments of \$5,526 per month including interest at 1.82%, maturing June 2023, with a scheduled renewal date of September 2019, secured by a ministerial guarantee	331,812	391,516
CMHC mortgage, with payments of \$4,805 per month including interest at 1.35%, maturing October 2036, with a scheduled renewal date of May 2022, secured by a ministerial guarantee	947,494	991,747
CMHC mortgage, with payments of \$1,478 per month including interest at 1.68%, maturing April 2038, with a scheduled renewal date of April 2018, secured by a ministerial guarantee	302,290	314,851
	\$ 1,655,038	\$ 1,786,244

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2018-19	\$ 162,745
2019-20	150,004
2020-21	122,604
2021-22	124,612
2022-23	126,658
Thereafter	968,415

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

9. CONTINGENT LIABILITIES

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 these agencies.

At March 31, 2018, the First Nation has determined that some contaminated sites exist, however, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy in Note 2.

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 31, 2018. Since the audit report is dated after this date, the First Nation has not complied with the requirement. The possible effect of this non-compliance has not yet been determined.

10. SEGMENT INFORMATION ON TANGIBLE CAPITAL ASSETS

Tangible capital assets are assigned to the First Nation's segments in accordance with management's determination, as to the activities and services that will be facilitated as a result of ongoing ownership of the assets. The net book value of tangible capital assets assigned to each segment in as follows:

	2018	2017
Housing	\$ 6,826,198	\$ 5,586,679
Health	4,567	4,567
Operations and Maintenance	81,549	81,549
	<u>\$ 6,912,314</u>	<u>\$ 5,672,795</u>

11. ACCUMULATED SURPLUS

	2018	2017
Invested in Capital Assets	\$ 3,974,681	\$ 3,974,681
Ottawa Trust	9,174	9,174
CMHC Reserves	268,843	264,976
Accumulated Deficit from Operations	3,441,512	(602,223)
	<u>\$ 7,694,210</u>	<u>\$ 3,646,608</u>

12. INAC REVENUE

INAC revenue recorded on the financial statements in the year ended March 31, 2018 and in the year ended March 31, 2017 agrees to the amounts stated on the year end INAC funding confirmation.

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

13. FNIH REVENUE

FNIH revenue recorded on the financial statements in the year ended March 31, 2018 and in the year ended March 31, 2017 agrees to the amounts stated on the year end FNIH funding confirmation.

14. 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 and landscaping and 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 care 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 expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure 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 financial statements.

15. EXPENSES BY OBJECT

	2018	2017
Amortization	\$ 402,177	\$ 373,738
Interest	51,073	82,201
Member Services	117,047	60,668
Purchased Goods and Services	2,067,685	3,140,859
Salaries and Benefits	2,381,782	1,916,278
Social Assistance	998,429	1,014,559
Training	151,375	231,719
Travel	318,969	240,728
	<u>\$ 6,488,537</u>	<u>\$ 7,060,750</u>

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

16. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") and First Nations and Inuit Health ("FNIH") as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC and FNIH under the terms and conditions of the Indian Act. The ability of the First Nations to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

17. FEDERAL ASSISTANCE PAYMENTS

The First Nation has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 95 of the National Housing Act to reduce the mortgage interest expense to 2.0% to enable the First Nation to provide housing to low income individuals.

18. DEFINED CONTRIBUTION PENSION PLAN

The First Nation has a defined contribution pension plan covering all full-time employees in the Education segment. The First Nation remits monthly contributions to the administrator of the plan and remittances were current at year end.

19. BUDGET INFORMATION

The budget figures are presented as supplementary information to the financial statements and have not been audited.

20. CONTINGENCIES

The First Nation is a defendant in various actions brought against it by former employees.

Legal counsel representing the First Nation feels that the three separate claims relating to unjust dismissal/monetary claims may result in significant settlements and legal fees but they are unable to reasonably estimate what that amount may be.

A fourth claim against the First Nation by a former employee is in regards to a payment dispute over banked hours. If no further legal issues arise the claim is estimated to be \$6,500 to \$7,500. No liability has been recorded by the First Nation.

A fifth claim against the First Nation involves an independent contractor hired to construct housing units. A dispute is the quality of services that were rendered under the contract. Legal counsel is unable to estimate a settlement amount, cost of trial, or the possible outcome of a judgement.

21. PRIOR PERIOD ADJUSTMENTS

Northern Stores Pay Account

A prior period adjustment for \$20,020 was made as a reflect adjustments made by the Northwest Company to reverse interest charges and cover errors made by their staff in posting transactions.

BARREN LANDS FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

4 Duplex Housing Units 2016/17

The First Nation started on constructing 4 duplex housing units in 2016. The costs relating to these units were expensed in the 2016/17 fiscal year. The project was completed in the summer 2017 and \$1,411,014 in costs were capitalized under Band Housing. Included in this amount were \$1,162,656 in costs that were expensed in error in 2016/17 that should have been recorded as Construction in Progress.