

# **Big River First Nation**

Consolidated Financial Statements  
**March 31, 2014**

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of Big River First Nation are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

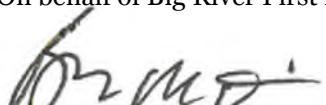
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meets periodically with management and 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 consolidated financial statements and the external auditor's report.

The external auditors, PricewaterhouseCoopers LLP, conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Big River First Nation and meet when required.

On behalf of Big River First Nation:

  
Bruce Morin  
Chief

  
Derek Klein  
Administrator

July 29, 2014

July 29, 2014

## **Independent Auditor's Report**

### **To the Chief and Council of Big River First Nation**

We have audited the accompanying consolidated financial statements of Big River First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the consolidated financial statements**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*PricewaterhouseCoopers LLP  
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**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Big River First Nation as at March 31, 2014 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

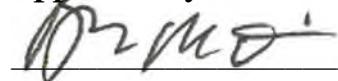
# Big River First Nation

## Consolidated Statement of Financial Position

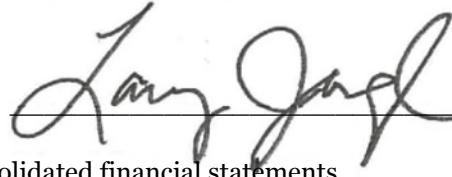
As at March 31, 2014

|   | 2014<br>\$       | 2013<br>\$       |
|---|------------------|------------------|
| <b>Financial assets</b>   |                  |                  |
| Cash (note 2)   | 69,299           | 76,391           |
| Temporary investments   | 174,620          | 227,642          |
| Accounts receivable (note 3)                                    | 1,093,357        | 1,297,389        |
| Trust funds held by federal government (note 4)                 | 35,085           | 33,707           |
| Inventories for resale  | 61,687           | 64,417           |
| Due from government and other government organizations (note 5) | 200,942          | 101,276          |
| Portfolio investments (note 6)                                  | 72,005           | 72,005           |
| Investments in government business enterprises (note 7)         | -                | 48,433           |
|   | <hr/> 1,706,995  | <hr/> 1,921,260  |
| <b>Financial liabilities</b>                                    |                  |                  |
| Bank overdrafts (note 2)  | 112,992          | 55,400           |
| Accounts payable and accrued liabilities (note 8)               | 144,984          | 80,972           |
| Deferred revenue (note 9)                                       | 487,782          | 65,523           |
| Long-term debt and obligations under capital leases (note 10)   | 3,416,851        | 4,265,189        |
|   | <hr/> 4,162,609  | <hr/> 4,467,084  |
| <b>Net debt</b>   | (2,455,614)      | (2,545,824)      |
| <b>Non-financial assets</b>                                     |                  |                  |
| Tangible capital assets (notes 10 and 21)                       | <hr/> 21,762,681 | <hr/> 23,148,797 |
| <b>Accumulated surplus (note 15)</b>                            | <hr/> 19,307,067 | <hr/> 20,602,973 |
| Employee future benefits (note 11)                              |                  |                  |
| Contingent liabilities (note 12)                                |                  |                  |

Approved by the Chief and Council



Chief



Councillor

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

# Big River First Nation

## Consolidated Statement of Operations

For the year ended March 31, 2014

|   | Budget<br>\$<br>(note 18) | 2014<br>\$         | 2013<br>\$        |
|---|---------------------------|--------------------|-------------------|
| <b>Revenues</b>   |                           |                    |                   |
| Federal government transfers for operating (note 13)    | 11,777,953                | 11,199,394         | 11,503,716        |
| Federal government transfers for capital (note 13)      | -                         | -                  | 391,416           |
| Provincial government transfers for operating (note 13) | 368,278                   | 351,916            | 281,692           |
| Provincial government transfers for capital (note 13)   | -                         | -                  | 1,014,327         |
| Miami Gas Bar   | -                         | 3,930,591          | 3,972,827         |
| First Nations Trust                                     | 1,214,899                 | 1,214,899          | 1,233,462         |
| AC Forestry Ltd.  | 833,449                   | 822,124            | 801,847           |
| Agency Chiefs Tribal Council                            | 477,199                   | 478,653            | 636,731           |
| Agency Chiefs Child & Family Services                   | 266,750                   | 266,750            | 229,709           |
| Northern Lights Development Corporation                 | 197,652                   | 197,722            | 249,916           |
| Other   | 138,021                   | 189,544            | 177,136           |
| Rent  | 142,800                   | 141,185            | 122,700           |
| Bingo   | 117,368                   | 110,581            | 214,418           |
| Tuition   | 110,350                   | 110,350            | 148,400           |
| Cattle ranch  | 148,155                   | 109,416            | 118,966           |
| User fees   | 90,000                    | 73,754             | 94,473            |
| Amounts earned and held in trust by federal government  | -                         | 1,378              | 1,180             |
| Loss from investment in government business enterprises | -                         | (48,433)           | (194,365)         |
|   | <u>15,882,874</u>         | <u>19,149,824</u>  | <u>20,998,551</u> |
| <b>Expenses (note 14)</b>                               |                           |                    |                   |
| Education   | 6,144,297                 | 6,233,198          | 5,565,886         |
| Band owned  | 1,468,615                 | 5,596,807          | 5,627,608         |
| Band government   | 2,186,659                 | 2,332,669          | 2,266,641         |
| Health  | 2,074,963                 | 2,141,065          | 2,338,564         |
| Facilities maintenance                                  | 1,735,183                 | 1,763,564          | 1,804,457         |
| Capital projects  | 908,258                   | 586,237            | 758,517           |
| Amortization of tangible capital assets                 | -                         | 1,792,190          | 1,747,078         |
|   | <u>14,517,975</u>         | <u>20,445,730</u>  | <u>20,108,751</u> |
| <b>Surplus (deficit) for the year (note 16)</b>         | <u>1,364,899</u>          | <u>(1,295,906)</u> | <u>889,800</u>    |
| <b>Accumulated surplus – Beginning of year</b>          | <u>19,713,173</u>         | <u>20,602,973</u>  | <u>19,713,173</u> |
| <b>Accumulated surplus – End of year (note 15)</b>      | <u>21,078,072</u>         | <u>19,307,067</u>  | <u>20,602,973</u> |
| Segment disclosure (note 20)                            |                           |                    |                   |

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

# **Big River First Nation**

## Consolidated Statement of Changes in Net Debt

**For the year ended March 31, 2014**

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|   | <b>Budget</b><br>\$<br>(note 18) | <b>2014</b><br>\$  | <b>2013</b><br>\$  |
|---|----------------------------------|--------------------|--------------------|
| <b>Surplus (deficit) for the year</b>   | 1,364,899                        | (1,295,906)        | 889,800            |
| Purchase of tangible capital assets     | -                                | (406,074)          | (2,026,597)        |
| Amortization of tangible capital assets | -                                | 1,792,190          | 1,747,078          |
| <b>Change in net debt</b>               | 1,364,899                        | 90,210             | 610,281            |
| <b>Net debt – Beginning of year</b>     | <u>(2,545,824)</u>               | <u>(2,545,824)</u> | <u>(3,156,105)</u> |
| <b>Net debt – End of year</b>           | <u>(1,180,925)</u>               | <u>(2,455,614)</u> | <u>(2,545,824)</u> |

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

# Big River First Nation

## Consolidated Statement of Cash Flows

For the year ended March 31, 2014

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|   | 2014<br>\$         | 2013<br>\$         |
|---|--------------------|--------------------|
| <b>Operating activities</b>   |                    |                    |
| Surplus (deficit) for the year  | (1,295,906)        | 889,800            |
| Items not affecting cash  |                    |                    |
| Amortization  | 1,792,190          | 1,747,078          |
| Amounts earned and held in trust by federal government                        | (1,378)            | (1,180)            |
| Loss from investment in government business enterprises                       | 48,433             | 194,365            |
| Net change in non-cash charges to operations (note 17)                        | <u>593,367</u>     | <u>(464,429)</u>   |
|   | 1,136,706          | 2,365,634          |
| <b>Investing activities</b>   |                    |                    |
| Decrease (increase) in temporary investments, net of proceeds from redemption | <u>53,022</u>      | <u>(146,253)</u>   |
| <b>Financing activities</b>   |                    |                    |
| Debt issues   | 250,000            | 385,000            |
| Debt retirement   | <u>(1,098,338)</u> | <u>(657,687)</u>   |
|   | (848,338)          | (272,687)          |
| <b>Capital activities</b>   |                    |                    |
| Purchase of tangible capital assets   | <u>(406,074)</u>   | <u>(2,026,597)</u> |
| <b>Decrease in net cash</b>   | (64,684)           | (79,903)           |
| <b>Net cash – Beginning of year</b>   | <u>20,991</u>      | <u>100,894</u>     |
| <b>Net cash – End of year</b>   | <u>(43,693)</u>    | <u>20,991</u>      |
| <b>Net cash is comprised of</b>   |                    |                    |
| Cash  | 69,299             | 76,391             |
| Bank overdrafts   | <u>(112,992)</u>   | <u>(55,400)</u>    |
|   | (43,693)           | 20,991             |
| <b>Supplementary cash flow information</b>                                    |                    |                    |
| Interest paid in the year   | <u>133,332</u>     | <u>146,904</u>     |

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

# **Big River First Nation**

## Notes to Consolidated Financial Statements

**March 31, 2014**

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### **1 Summary of significant accounting policies**

#### a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### b) Reporting entity

The Big River First Nation reporting entity includes the Big River First Nation government and all related entities that are controlled by the Big River First Nation (the First Nation).

#### c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation's investment in the government business enterprise and the enterprise's net income (or net loss) and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation.

Organizations consolidated in the First Nation's financial statements include the Miami Gas Bar and BRFN Holdings Incorporated. Organizations accounted for on a modified equity basis include Horizon Interiors Limited Partnership, AC Forestry Ltd., and Mid North West Homes.

#### d) Cash

Cash includes cash on hand and balances with banks. Bank overdrafts are presented as a liability on the consolidated statement of financial position and are considered a component of net cash for purposes of the consolidated statement of cash flows.

#### e) Temporary investments

Temporary investments are recorded at cost and consist of term deposits and mutual funds having a maturity of up to one year at acquisition which are held for the purpose of earning interest.

# **Big River First Nation**

## Notes to Consolidated Financial Statements

**March 31, 2014**

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f) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

g) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

|                          |              |
|--------------------------|--------------|
| Roads                    | 30 years     |
| Buildings and structures | 20 years     |
| Breeding livestock       | 10 years     |
| Vehicles and equipment   | 5 – 10 years |
| Computer equipment       | 3 – 5 years  |
| Furniture and fixtures   | 3 – 5 years  |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and 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.

i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for specific purpose.

# Big River First Nation

## Notes to Consolidated Financial Statements

**March 31, 2014**

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

j) 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 revenues and expenses during the year. Items requiring the use of significant estimates include the recoverability of accounts receivable and the useful lives of tangible capital assets. Actual results could differ from these estimates.

## 2 Cash and bank overdrafts

Cash and bank overdrafts are comprised of the following:

|                              | 2014<br>\$ | 2013<br>\$ |
|------------------------------|------------|------------|
| Restricted cash              |            |            |
| Capital projects             | 69,299     | 53,891     |
| Funds held in trust          | -          | 22,500     |
|                              | 69,299     | 76,391     |
| Unrestricted bank overdrafts |            |            |
| Operating                    | (112,992)  | (55,400)   |
|                              | (43,693)   | 20,991     |

### 3 Accounts receivable

|                                       | 2014      | 2013      |
|---------------------------------------|-----------|-----------|
|                                       | \$        | \$        |
| AC Forestry Ltd.                      | 494,774   | 433,422   |
| Other advances and receivables        | 316,056   | 377,800   |
| Advances to Chief and Council         | 194,614   | 178,332   |
| Advances to membership and staff      | 186,262   | 153,154   |
| Miami Gas Bar customer receivables    | 152,946   | 140,423   |
| Agency Chiefs Tribal Council          | 23,402    | 138,955   |
|                                       | <hr/>     | <hr/>     |
| Less: allowance for doubtful accounts | 1,368,054 | 1,422,086 |
|                                       | <hr/>     | <hr/>     |
|                                       | 274,697   | 124,697   |
|                                       | <hr/>     | <hr/>     |
|                                       | 1,093,357 | 1,297,389 |

# Big River First Nation

Notes to Consolidated Financial Statements

**March 31, 2014**

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## 4 Trust funds held by federal government

|         | <b>March 31,<br/>2013</b><br>\$ | <b>Additions</b><br>\$ | <b>Withdrawals</b><br>\$ | <b>March 31,<br/>2014</b><br>\$ |
|---------|---------------------------------|------------------------|--------------------------|---------------------------------|
| Revenue | 21,878                          | 1,378                  | -                        | 23,256                          |
| Capital | 11,829                          | -                      | -                        | 11,829                          |
|         | <b>33,707</b>                   | <b>1,378</b>           | <b>-</b>                 | <b>35,085</b>                   |

|         | <b>March 31,<br/>2012</b><br>\$ | <b>Additions</b><br>\$ | <b>Withdrawals</b><br>\$ | <b>March 31,<br/>2013</b><br>\$ |
|---------|---------------------------------|------------------------|--------------------------|---------------------------------|
| Revenue | 20,698                          | 1,180                  | -                        | 21,878                          |
| Capital | 11,829                          | -                      | -                        | 11,829                          |
|         | <b>32,527</b>                   | <b>1,180</b>           | <b>-</b>                 | <b>33,707</b>                   |

The trust funds 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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

## 5 Due from government and other government organizations

|  | <b>2014</b><br>\$ | <b>2013</b><br>\$ |
|--|-------------------|-------------------|
| Federal government                                       |                   |                   |
| Aboriginal Affairs and Northern Development Canada       | 83,271            | 21,926            |
| Health Canada  | 8,756             | 2,913             |
| Provincial government and other government organizations | 108,915           | 76,437            |
|  | <b>200,942</b>    | <b>101,276</b>    |

## 6 Portfolio investments

|                              | <b>2014</b><br>\$ | <b>2013</b><br>\$ |
|------------------------------|-------------------|-------------------|
| Corman Park Developments     | 50,000            | 50,000            |
| First Nations Bank of Canada | 22,005            | 22,005            |
|                              | <b>72,005</b>     | <b>72,005</b>     |

# Big River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

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### 7 Investments in government business enterprises

The First Nation owns 49.95% of Horizon Interiors Limited Partnership, 33% of AC Forestry Ltd., and 17% of Mid North West Homes. The First Nation's investments in government business enterprises consist of the following:

|                                       | 2014<br>\$ | 2013<br>\$ |
|---------------------------------------|------------|------------|
| Horizon Interiors Limited Partnership | -          | 48,433     |

The following table presents condensed financial information for Horizon Interiors Limited Partnership:

|  | 2014<br>\$       | 2013<br>\$       |
|--|------------------|------------------|
| Accounts receivable                      | 39,862           | 134,995          |
| Inventory                                | 213,262          | 210,464          |
| Tangible capital assets                  | 79,514           | 79,514           |
| Other assets                             | 5,019            | 5,019            |
| <b>Total assets</b>                      | <b>337,657</b>   | <b>429,992</b>   |
| Bank overdraft                           | 1,379            | 72,947           |
| Accounts payable and accrued liabilities | 62,755           | 205,211          |
| Long-term debt                           | 486,418          | 255,407          |
| <b>Total liabilities</b>                 | <b>550,552</b>   | <b>533,565</b>   |
| <b>Equity</b>                            | <b>(212,895)</b> | <b>(103,573)</b> |
| <b>Total liabilities and equity</b>      | <b>337,657</b>   | <b>429,992</b>   |
| Revenue                                  | 467,771          | 1,722,419        |
| Expenses                                 | 577,093          | 1,955,483        |
| <b>Net loss</b>                          | <b>(109,322)</b> | <b>(233,064)</b> |

Horizon Interiors Limited Partnership operates a retail flooring store, which provides flooring and construction services.

The First Nation has a guarantee in place with respect to 50% the debts of Horizon Interiors Limited Partnership, with a total guarantee of \$300,000. At March 31, 2014 there is total available debt of \$600,000 consisting of a) letter of credit of \$100,000 maximum (bearing interest at 9.75% and due on demand); b) mortgage of \$425,000 maximum (bearing interest at 6.75% and due in monthly payments of \$5,000); and c) loan with maximum limit of \$75,000 (bearing interest at 9.75% and due on demand). The maximum available

# Big River First Nation

## Notes to Consolidated Financial Statements

**March 31, 2014**

debt of \$600,000 is secured by a general security agreement, a specific security agreement over inventory and accounts receivable and a first and second interest in certain real property. At March 31, 2014 there were no amounts drawn on the letter of credit, \$361,000 was drawn on the mortgage and \$40,000 was drawn on the loan for a total of \$401,000.

## 8 Accounts payable and accrued liabilities

|                           | 2014<br>\$ | 2013<br>\$ |
|---------------------------|------------|------------|
| Trade payables            | 78,384     | 14,372     |
| Other accrued liabilities | 66,600     | 66,600     |
|                           | <hr/>      | <hr/>      |
|                           | 144,984    | 80,972     |

## 9 Deferred revenue

|                       | Balance at<br>March 31,<br>2013<br>\$ | Funding<br>received<br>\$ | Revenue<br>recognized<br>\$ | Balance at<br>March 31,<br>2014<br>\$ |
|-----------------------|---------------------------------------|---------------------------|-----------------------------|---------------------------------------|
| Federal government    |                                       |                           |                             |                                       |
| Capital projects      | 61,991                                | 75,000                    | (18,157)                    | 118,834                               |
| Other                 | 3,532                                 | 494,121                   | (128,705)                   | 368,948                               |
|                       | <b>65,523</b>                         | <b>569,121</b>            | <b>(146,862)</b>            | <b>487,782</b>                        |
|                       |                                       |                           |                             |                                       |
|                       | Balance at<br>March 31,<br>2012<br>\$ | Funding<br>received<br>\$ | Revenue<br>recognized<br>\$ | Balance at<br>March 31,<br>2013<br>\$ |
| Federal government    |                                       |                           |                             |                                       |
| Capital projects      | 339,007                               | 114,400                   | (391,416)                   | 61,991                                |
| Other                 | 10,948                                | -                         | (7,416)                     | 3,532                                 |
|                       | <b>349,955</b>                        | <b>114,400</b>            | <b>(398,832)</b>            | <b>65,523</b>                         |
| Provincial government |                                       |                           |                             |                                       |
| Capital projects      | 292,430                               | 721,897                   | (1,014,327)                 | -                                     |
| <b>Total</b>          | <b>642,385</b>                        | <b>836,297</b>            | <b>(1,413,159)</b>          | <b>65,523</b>                         |

# Big River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

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Federal and provincial government transfers related to capital projects are recognized in the year to the extent that the related capital project costs are incurred. Other federal government transfers deferred represent unexpended set and fixed funding received from Aboriginal Affairs and Northern Development Canada.

### 10 Long-term debt and obligations under capital leases

|   | 2014      | 2013      |
|---|-----------|-----------|
|   | \$        | \$        |
| Demand loan due on October 31, 2016, repayable in annual principal instalments of \$100,000 plus monthly accrued interest at prime plus 0.5%; with a Band Council Resolution as security in addition to a guarantee of debts by BRFN Holdings Incorporated and a collateral mortgage for \$100,000 giving the lender a first charge over certain farm land.   | 292,500   | 392,500   |
| Demand loan due November 1, 2016, repayable in monthly principal instalments of \$1,460 plus accrued interest at prime plus 0.5%; with a Band Council Resolution as security in addition to a ministerial guarantee from AANDC and an irrevocable Letter of Direction to the RCMP to forward all future rental payments directly to the lender.   | 46,520    | 64,040    |
| Demand loan due April 7, 2017, repayable in quarterly principal instalments of \$50,000 plus accrued interest at prime plus 0.5%; with a Band Council Resolution as security which includes instructions to First Nations Trust to forward all future funding to the lender.  | 615,000   | 815,000   |
| Demand loan due October 1, 2017, repayable in monthly blended instalments of \$5,714 at a fixed rate of 4.28%; with a Band Council Resolution as security in addition to acknowledged assignment of adequate insurance on the daycare facility, with first loss payable to the lender.  | 227,403   | 284,894   |
| Demand loan due October 1, 2017, repayable in monthly principal instalments of \$3,500 plus accrued interest at prime plus 0.5%; secured with a Band Council Resolution.  | 150,500   | 192,500   |
| Demand loan due May 1, 2018, repayable in monthly principal instalments of \$4,167 plus accrued interest at prime plus 0.5%; secured with a Band Council Resolution.  | 208,333   | -         |
| Demand loan due October 1, 2019, repayable in monthly blended instalments of \$11,733 at a fixed rate of 4.34%; with a Band Council Resolution as security which includes a commitment to use AANDC capital funding to fund principal payments in the event the rental income from the lease of the group home is insufficient to fund principal payments, in addition to an acknowledged assignment of adequate insurance on the group home with first loss payable to the lender and assignment of the lease with Agency Chiefs Child and Family Services Corp. for the group home. | 697,013   | 805,006   |
| Demand loan due August 1, 2020, repayable in monthly principal instalments of \$1,250 plus accrued interest at prime plus 0.5%; with a Band Council Resolution as security in addition to a guarantee of debts by BRFN Holdings Incorporated and a collateral mortgage for \$150,000 giving the lender a first charge over certain farm land.   | 96,250    | 111,250   |
| Demand loan due April 1, 2023, repayable in annual principal instalments of \$88,333 plus monthly accrued interest at prime plus 0.5%; with a Band Council Resolution as security which includes instructions to AANDC to forward capital disbursements to the lender until the loan is repaid in full.   | 883,332   | 1,324,999 |
|   | <hr/>     | <hr/>     |
|   | 3,216,851 | 3,990,189 |

# **Big River First Nation**

## Notes to Consolidated Financial Statements

**March 31, 2014**

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Anticipated annual principal repayments over the next five years are estimated to be as follows:

|      | \$        |
|------|-----------|
| 2015 | 1,038,961 |
| 2016 | 1,046,571 |
| 2017 | 599,313   |
| 2018 | 272,357   |
| 2019 | 178,694   |

Interest expense on long term debt for the year ended March 31, 2014 was \$133,332 (2013 - \$146,904).

During the year ended March 31, 2014 the First Nation established new credit facilities with its lender, consisting of revolving lines of credit, term facilities, standby letters of credit, standby letters of guarantee, and a corporate credit card. The total maximum approved amount of the credit facilities is \$7,805,685.

The revolving lines of credit of \$500,000 and \$35,000 are available by way of business operating account overdrafts and are to be used for day to day cash flow requirements of the First Nation and the Miami Gas Bar, respectively. Interest is calculated at prime plus 1%. Security is in the form of Band Council Resolutions.

The term facilities total \$7,165,685 and relates to the nine demand loans in place at March 31, 2014, which had principal outstanding at March 31, 2014 of \$3,216,851. The terms of all nine term facilities are consistent with those disclosed above. Additionally, a new term facility for \$3,900,000 was approved, which is due April 1, 2023 and is repayable in annual principal instalments of \$390,000 plus monthly accrued interest at prime plus 0.5%. The facility is secured by a Band Council Resolution directing AANDC to forward Band Based Capital Funding to the lender until the loan is repaid in full.

The standby letters of credit and standby letters of guarantee are available to the First Nation for payment of invoices and have a credit limit of \$75,000. Letters of credit may not have terms to expiry of more than 12 months from the date of issue. The corporate credit card has a credit limit of \$30,000, is to be used for purchase and payment of goods and services, and is repayable on demand.

The overall credit facility is secured by a security agreement granting a first security interest in all present and acquired personal property and a letter of acknowledgement from AANDC to direct all present and future funding of the First Nation to the lender, in addition to the security for each individual item noted in the table above. The standby letters of credit and standby letters of guarantee are secured by an Investment Property Pledge Agreement from the First Nation pledging hypothecation of its mutual fund account in the amount of \$75,000. The mutual fund account is included in temporary investments on the consolidated statement of financial position.

### **Obligations under capital leases**

The First Nation, through BRFN Holdings Incorporated (BRFN Holdings), entered into a purchase agreement for certain lands and leases on those lands, the total purchase price for which was \$350,000. The purchase is subject to BRFN Holdings obtaining approval of assignment of leases for all lands purchased from Her Majesty The Queen. In the event of default and cancellation of the agreement by BRFN Holdings, BFRN Holdings shall be entitled to retain only the land that has already been transferred from the vendors and is to take all steps

# **Big River First Nation**

## Notes to Consolidated Financial Statements

**March 31, 2014**

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required to affect the return of the leases to the vendors. Interest is payable at 6% per annum on any overdue payments.

Repayments are due as follows:

|                 | \$             |
|-----------------|----------------|
| January 1, 2015 | 100,000        |
| July 31, 2015   | <u>100,000</u> |
|                 | <u>200,000</u> |

## **11 Employee future benefits**

The First Nation provides defined contribution plans for eligible members of its staff. Members of the plans are required to contribute 3% to 5% of their salary, and the First Nation matches the employees' contributions. The First Nation contributed \$237,577 during the year ended March 31, 2014, which is recognized as an expense in the consolidated statement of operations. The First Nation does not have any other obligations with regard to the defined contribution plans as at March 31, 2014.

## **12 Contingent liabilities**

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded.

Subsequent to year-end, a claim was issued against the Miami Gas Bar, a proprietorship owned and controlled by the First Nation, for approximately \$47,000 plus economic losses. The maximum allowable claim is \$100,000 plus interest plus costs. The First Nation has filed a full Statement of Defence and a counterclaim for approximately \$10,000 plus additional damages. The litigation risk and exposure of the First Nation cannot be estimated at this time and therefore no liability has been accrued or expense recorded in the financial statements related to this claim.

The First Nation is liable for any environmental obligations related to the future decommissioning of the Miami Gas Bar. No provision has been made for environmental remediation liabilities associated with the Miami Gas Bar. Although it is probable that a liability has been incurred as of March 31, 2014, the amount of the obligation cannot be reliably estimated.

The First Nation has guaranteed debt of Horizon Interiors Limited Partnership (note 7).

# Big River First Nation

## Notes to Consolidated Financial Statements

**March 31, 2014**

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### 13 Government transfers

|   | Operating<br>\$   | Capital<br>\$ | 2014<br>Total<br>\$ |
|---|-------------------|---------------|---------------------|
| Federal government transfers                |                   |               |                     |
| Aboriginal Affairs and Northern Development |                   |               |                     |
| Canada (note 19)                            | 10,195,273        | -             | 10,195,273          |
| Health Canada                               | 850,750           | -             | 850,750             |
| Canada Mortgage and Housing Corporation     | 153,371           | -             | 153,371             |
| Provincial government transfers             |                   |               |                     |
|   | 11,199,394        | -             | 11,199,394          |
|   | 351,916           | -             | 351,916             |
|   | <u>11,551,310</u> | -             | <u>11,551,310</u>   |

|   | Operating<br>\$   | Capital<br>\$    | 2013<br>Total<br>\$ |
|---|-------------------|------------------|---------------------|
| Federal government transfers                |                   |                  |                     |
| Aboriginal Affairs and Northern Development |                   |                  |                     |
| Canada                                      | 10,409,140        | 391,416          | 10,800,556          |
| Health Canada                               | 995,356           | -                | 995,356             |
| Canada Mortgage and Housing Corporation     | 99,220            | -                | 99,220              |
| Provincial government transfers             |                   |                  |                     |
|   | 11,503,716        | 391,416          | 11,895,132          |
|   | 281,692           | 1,014,327        | 1,296,019           |
|   | <u>11,785,408</u> | <u>1,405,743</u> | <u>13,191,151</u>   |

Provincial government transfers in the form of rebates on products purchased by the Miami Gas Bar of \$638,176 (2013 - \$642,279) are applied directly to products purchased and reduce cost of sales within band owned expenditures on the consolidated statement of operations.

# Big River First Nation

Notes to Consolidated Financial Statements

**March 31, 2014**

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## 14 Expenses by object

|                                | Budget<br>\$ | 2014<br>\$ | 2013<br>\$ |
|--------------------------------|--------------|------------|------------|
| Salaries and wages             | 7,011,239    | 7,566,851  | 7,278,453  |
| Cost of sales                  | -            | 3,303,677  | 3,400,177  |
| Amortization                   | -            | 1,792,190  | 1,747,078  |
| Supplies, materials and sundry | 1,536,912    | 1,311,779  | 1,415,203  |
| Travel                         | 871,025      | 998,979    | 944,564    |
| Training activities            | 870,811      | 873,056    | 870,673    |
| Student support                | 784,000      | 783,371    | 646,786    |
| Repairs and maintenance        | 489,226      | 518,505    | 669,485    |
| Executive management fees      | 360,000      | 456,001    | 456,001    |
| Tuition                        | 430,203      | 411,814    | 414,058    |
| Utilities                      | 352,200      | 395,501    | 347,958    |
| Membership support             | 407,000      | 319,861    | 324,300    |
| Training and workshops         | 255,852      | 303,576    | 325,014    |
| Professional fees              | 161,855      | 207,339    | 244,511    |
| Recreation                     | 189,602      | 179,643    | 185,428    |
| Bank charges and interest      | 170,200      | 174,702    | 198,194    |
| Bad debt write-offs            | -            | 150,000    | 21,541     |
| Projects                       | 2,500        | 129,116    | 40,393     |
| Fuel                           | 108,544      | 105,697    | 109,603    |
| Elders                         | 125,000      | 93,671     | 96,604     |
| Insurance                      | 94,279       | 90,173     | 72,973     |
| Equipment leases               | 47,500       | 84,886     | 58,599     |
| Cultural activities            | 78,655       | 70,839     | 48,008     |
| Contractor fees                | 94,856       | 46,642     | 82,735     |
| Rent                           | 40,800       | 41,983     | 46,303     |
| Administration fees            | 25,816       | 25,978     | 57,509     |
| Child care                     | 9,900        | 9,900      | 6,600      |
|                                | <hr/>        | <hr/>      | <hr/>      |
|                                | 14,517,975   | 20,445,730 | 20,108,751 |

## 15 Accumulated surplus

|                                     | 2014<br>\$ | 2013<br>\$ |
|-------------------------------------|------------|------------|
| Internally restricted               |            |            |
| Invested in tangible capital assets | 18,345,830 | 18,883,608 |
| Unrestricted surplus                | 961,237    | 1,719,365  |
| Accumulated surplus                 | <hr/>      | <hr/>      |
|                                     | 19,307,067 | 20,602,973 |

# Big River First Nation

Notes to Consolidated Financial Statements

**March 31, 2014**

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## **16 Annual surplus net of capital related revenues and amortization**

|   | <b>2014</b> | <b>2013</b> |
|---|-------------|-------------|
|   | \$          | \$          |
| Surplus (deficit) for the year  | (1,295,906) | 889,800     |
| Less capital related revenues included in surplus for the year:       |             |             |
| Federal government transfers for capital (note 13)                    | -           | (391,416)   |
| Provincial government transfers for capital (note 13)                 | -           | (1,014,327) |
|   | -           | (1,405,743) |
| Add amortization of tangible capital assets                           | 1,792,190   | 1,747,078   |
| Surplus for the year net of capital related revenues and amortization | 496,284     | 1,231,135   |

## **17 Net change in non-cash charges to operations**

|   | <b>2014</b> | <b>2013</b> |
|---|-------------|-------------|
|   | \$          | \$          |
| Decrease (increase) in accounts receivable                                    | 204,032     | (74,619)    |
| Decrease in inventories for resale  | 2,730       | 7,975       |
| Increase (decrease) in accounts payable and accrued liabilities               | 64,012      | (11,909)    |
| Increase (decrease) in deferred revenue                                       | 422,259     | (576,862)   |
| Decrease (increase) in due from government and other government organizations | (99,666)    | 190,986     |
|   | 593,367     | (464,429)   |

## **18 Budgeted figures**

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council of the First Nation.

## **19 Aboriginal Affairs and Northern Development Canada (AANDC)**

|   | \$                |
|---|-------------------|
| Funding total per AANDC transfer payment management system      | 10,636,478        |
| Less: Deferred revenue – fixed contribution unexpended funding  | (365,416)         |
| Less: Deferred revenue – high school wing repairs               | (68,528)          |
| Add: Prior year deferred revenue – wastewater/emergency repairs | 11,685            |
|   | 10,214,219        |
| Less: Funding recovered during the year                         | (18,946)          |
| Funding total per consolidated financial statements (note 13)   | <u>10,195,273</u> |

# **Big River First Nation**

Notes to Consolidated Financial Statements

**March 31, 2014**

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## **20 Segment disclosure**

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by department. The segments of the First Nation and the services provided by each are as follows:

- Band owned – represents a variety of band owned activities and economic development initiatives, including the Miami Gas Bar, funding from the First Nations Trust, the First Nation's forestry management activities, and the Centre of Excellence.
- Education – provides a variety of services for students from nursery school to a complete grade 12 that meets all provincial criteria with a cultural influence that reflects the First Nation's identity. The department includes a nutrition program, student counselling services, a resource centre, a Cree language and culture program, and a community school program.
- Band government – handles the finances and administration of the First Nation including support to Chief and Council and all other departments. The department provides internal support and central services to ensure the efficient and effective operations of the First Nation.
- Health – offers twenty-six community based programs aimed towards the well-being and health of the First Nation's residents. The First Nation operates a health centre with both health and dental services, as well as a home care program, counselling for drug and alcohol addictions, community health representatives, daycare and headstart.
- Facilities maintenance – ensures the upkeep of road maintenance and school maintenance as well as water safety, including an emergency water works plan. The department works to provide a safe working environment for all staff and ensure the community's safety.
- Capital projects – this department is part of facilities maintenance and is responsible for larger maintenance projects that are non-recurring in nature and require capital funding. Recent capital projects include high school roof repairs and housing renovations.

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. Segment results are as follows:

# Big River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

|  | Band owned           |                |                  | Education            |                  |                | Band government      |                    |                    |
|--|----------------------|----------------|------------------|----------------------|------------------|----------------|----------------------|--------------------|--------------------|
|  | Budget<br>2014<br>\$ | 2014<br>\$     | 2013<br>\$       | Budget<br>2014<br>\$ | 2014<br>\$       | 2013<br>\$     | Budget<br>2014<br>\$ | 2014<br>\$         | 2013<br>\$         |
| <b>Revenues</b>  |                      |                |                  |                      |                  |                |                      |                    |                    |
| Federal government transfers                           | 23,877               | 22,499         | 234,095          | 6,201,449            | 5,911,096        | 5,878,374      | 939,082              | 941,233            | 991,396            |
| Provincial government transfers                        | 324,778              | 308,637        | 1,265,667        | -                    | -                | -              | -                    | -                  | -                  |
| Miami Gas Bar  | -                    | 3,930,591      | 3,972,827        | -                    | -                | -              | -                    | -                  | -                  |
| First Nations Trust                                    | 1,214,899            | 1,214,899      | 1,233,462        | -                    | -                | -              | -                    | -                  | -                  |
| AC Forestry Ltd.                                       | 833,449              | 822,124        | 801,847          | -                    | -                | -              | -                    | -                  | -                  |
| Agency Chiefs Tribal Council                           | 105,000              | 105,000        | 102,425          | -                    | -                | -              | -                    | -                  | 125,000            |
| Agency Chiefs Child & Family Services                  | 206,750              | 206,750        | 197,709          | -                    | -                | -              | -                    | -                  | -                  |
| Other  | 270,678              | 231,599        | 371,374          | -                    | -                | -              | 132,866              | 20,733             | (65,715)           |
| Rent   | -                    | -              | -                | -                    | -                | -              | 28,800               | 28,800             | 28,800             |
| Northern Lights Development Corporation                | -                    | -              | -                | -                    | -                | -              | 197,652              | 197,722            | 249,916            |
| User fees  | -                    | -              | -                | -                    | -                | -              | -                    | -                  | -                  |
| Tuition recovery                                       | -                    | -              | -                | 110,350              | 110,350          | 148,400        | -                    | -                  | -                  |
| Amounts earned and held in trust by federal government | -                    | 1,378          | 1,180            | -                    | -                | -              | -                    | -                  | -                  |
|  | 2,979,431            | 6,843,477      | 8,180,586        | 6,311,799            | 6,021,446        | 6,026,774      | 1,298,400            | 1,188,488          | 1,329,397          |
| <b>Expenses</b>  |                      |                |                  |                      |                  |                |                      |                    |                    |
| Salaries, wages and benefits                           | 233,393              | 643,287        | 709,991          | 4,369,311            | 4,368,051        | 3,890,092      | 730,013              | 803,400            | 696,796            |
| Cost of sales  | -                    | 3,303,677      | 3,396,177        | -                    | -                | -              | -                    | -                  | -                  |
| Repairs and maintenance                                | 83,800               | 113,358        | 142,891          | 21,000               | 24,640           | 21,000         | 16,000               | 10,871             | 21,893             |
| Amortization   | -                    | 277,839        | 301,902          | -                    | 16,924           | 18,368         | -                    | 166,762            | 146,589            |
| Supplies and materials                                 | 163,504              | 247,283        | 325,767          | 240,900              | 264,626          | 245,794        | 108,089              | 91,640             | 115,179            |
| Training activities                                    | -                    | -              | -                | -                    | -                | -              | -                    | -                  | -                  |
| Travel   | 80,600               | 115,219        | 74,177           | 122,070              | 130,255          | 125,487        | 504,000              | 549,785            | 553,536            |
| Student support  | -                    | -              | -                | 784,000              | 783,371          | 646,786        | -                    | -                  | -                  |
| Executive management fees                              | -                    | -              | -                | -                    | -                | -              | 360,000              | 456,001            | 456,001            |
| Membership support                                     | 400,000              | 314,625        | 314,474          | 7,000                | 5,236            | 9,826          | -                    | -                  | -                  |
| Interest   | 43,500               | 54,278         | 57,937           | -                    | -                | -              | 117,500              | 109,350            | 130,778            |
| Other  | 463,818              | 805,080        | 606,194          | 600,016              | 657,019          | 626,901        | 351,057              | 311,622            | 292,458            |
|  | 1,468,615            | 5,874,646      | 5,929,510        | 6,144,297            | 6,250,122        | 5,584,254      | 2,186,659            | 2,499,431          | 2,413,230          |
| <b>Surplus (deficit) for the year</b>                  | <b>1,510,816</b>     | <b>968,831</b> | <b>2,251,076</b> | <b>167,502</b>       | <b>(228,676)</b> | <b>442,520</b> | <b>(888,259)</b>     | <b>(1,310,943)</b> | <b>(1,083,833)</b> |

# Big River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

|  | Health               |               |                | Facilities maintenance |              |                | Capital projects     |                  |                  |
|--|----------------------|---------------|----------------|------------------------|--------------|----------------|----------------------|------------------|------------------|
|  | Budget<br>2014<br>\$ | 2014<br>\$    | 2013<br>\$     | Budget<br>2014<br>\$   | 2014<br>\$   | 2013<br>\$     | Budget<br>2014<br>\$ | 2014<br>\$       | 2013<br>\$       |
| <b>Revenues</b>  |                      |               |                |                        |              |                |                      |                  |                  |
| Federal government transfers                           | 1,835,787            | 1,835,529     | 2,024,573      | 1,558,908              | 1,484,102    | 1,707,395      | 1,218,850            | 1,003,557        | 1,067,295        |
| Provincial government transfers                        | 43,500               | 43,279        | 30,352         | -                      | -            | -              | -                    | -                | -                |
| Miami Gas Bar  | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| First Nations Trust                                    | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| AC Forestry Ltd.                                       | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| Agency Chiefs Tribal Council                           | 302,095              | 302,095       | 344,732        | 70,104                 | 71,558       | 64,574         | -                    | -                | -                |
| Agency Chiefs Child & Family Services                  | -                    | -             | -              | 60,000                 | 60,000       | 32,000         | -                    | -                | -                |
| Other  | -                    | -             | -              | -                      | -            | 2,500          | -                    | -                | -                |
| Rent   | -                    | -             | -              | 114,000                | 112,385      | 93,900         | -                    | 110,154          | -                |
| Northern Lights Development Corporation                | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| User fees  | 42,000               | 32,108        | 57,062         | 48,000                 | 41,646       | 37,411         | -                    | -                | -                |
| Tuition recovery                                       | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| Amounts earned and held in trust by federal government | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
|  | 2,223,382            | 2,213,011     | 2,456,719      | 1,851,012              | 1,769,691    | 1,937,780      | 1,218,850            | 1,113,711        | 1,067,295        |
| <b>Expenses</b>  |                      |               |                |                        |              |                |                      |                  |                  |
| Salaries, wages and benefits                           | 787,527              | 809,817       | 954,433        | 850,435                | 902,261      | 989,220        | 40,560               | 40,035           | 37,921           |
| Cost of sales  | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| Repairs and maintenance                                | 5,000                | 491           | 3,722          | 266,426                | 228,292      | 215,330        | 97,000               | 140,853          | 264,469          |
| Amortization   | -                    | -             | -              | -                      | -            | -              | -                    | 1,330,665        | 1,280,219        |
| Supplies and materials                                 | 132,398              | 146,596       | 135,779        | 135,915                | 165,816      | 138,184        | 756,106              | 395,818          | 454,500          |
| Training activities                                    | 870,811              | 873,056       | 870,673        | -                      | -            | -              | -                    | -                | -                |
| Travel   | 89,926               | 111,165       | 98,479         | 72,400                 | 83,673       | 84,183         | 2,029                | 8,882            | 8,702            |
| Student support  | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| Executive management fees                              | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| Membership support                                     | -                    | -             | -              | -                      | -            | -              | -                    | -                | -                |
| Interest   | 9,200                | 11,074        | 13,479         | -                      | -            | -              | -                    | -                | -                |
| Other  | 180,101              | 188,866       | 261,999        | 410,007                | 383,522      | 377,540        | 12,563               | 649              | (7,075)          |
|  | 2,074,963            | 2,141,065     | 2,338,564      | 1,735,183              | 1,763,564    | 1,804,457      | 908,258              | 1,916,902        | 2,038,736        |
| <b>Surplus (deficit) for the year</b>                  | <b>148,419</b>       | <b>71,946</b> | <b>118,155</b> | <b>115,829</b>         | <b>6,127</b> | <b>133,323</b> | <b>310,592</b>       | <b>(803,191)</b> | <b>(971,441)</b> |

# Big River First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

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### 21 Tangible capital assets

|                          | Cost                  |                 |                 |                 |                       | Accumulated amortization |                    |                       | Net book value<br>March 31,<br>2014<br>\$ |
|--------------------------|-----------------------|-----------------|-----------------|-----------------|-----------------------|--------------------------|--------------------|-----------------------|---|
|                          | Opening balance<br>\$ | Additions<br>\$ | Disposals<br>\$ | Transfers<br>\$ | Closing balance<br>\$ | Opening balance<br>\$    | Amortization<br>\$ | Closing balance<br>\$ |   |
| Land                     | 1,120,962             | 22,500          | -               | -               | 1,143,462             | -                        | -                  | -                     | 1,143,462                                 |
| Roads                    | 8,807                 | -               | -               | -               | 8,807                 | 735                      | 294                | 1,029                 | 7,778                                     |
| Buildings and structures | 38,936,296            | -               | -               | -               | 38,936,296            | 17,973,904               | 1,556,833          | 19,530,737            | 19,405,559                                |
| Vehicles and equipment   | 2,589,784             | 207,113         | -               | -               | 2,796,897             | 1,690,057                | 204,971            | 1,895,028             | 901,869                                   |
| Breeding livestock       | 63,200                | 140,000         | -               | -               | 203,200               | -                        | -                  | -                     | 203,200                                   |
| Computer equipment       | 254,347               | 27,006          | -               | -               | 281,353               | 203,826                  | 19,065             | 222,891               | 58,462                                    |
| Furniture and fixtures   | 50,404                | 9,455           | -               | -               | 59,859                | 6,481                    | 11,027             | 17,508                | 42,351                                    |
| Construction in progress | -                     | -               | -               | -               | -                     | -                        | -                  | -                     | -   |
|                          | 43,023,800            | 406,074         | -               | -               | 43,429,874            | 19,875,003               | 1,792,190          | 21,667,193            | 21,762,681                                |

|                          | Cost                  |                 |                 |                 |                       | Accumulated amortization |                    |                       | Net book value<br>March 31,<br>2013<br>\$ |
|--------------------------|-----------------------|-----------------|-----------------|-----------------|-----------------------|--------------------------|--------------------|-----------------------|---|
|                          | Opening balance<br>\$ | Additions<br>\$ | Disposals<br>\$ | Transfers<br>\$ | Closing balance<br>\$ | Opening balance<br>\$    | Amortization<br>\$ | Closing balance<br>\$ |   |
| Land                     | 600,962               | 520,000         | -               | -               | 1,120,962             | -                        | -                  | -                     | 1,120,962                                 |
| Roads                    | 8,807                 | -               | -               | -               | 8,807                 | 441                      | 294                | 735                   | 8,072                                     |
| Buildings and structures | 36,367,058            | -               | -               | 2,569,238       | 38,936,296            | 16,466,900               | 1,507,004          | 17,973,904            | 20,962,392                                |
| Vehicles and equipment   | 2,380,834             | 208,950         | -               | -               | 2,589,784             | 1,470,101                | 219,956            | 1,690,057             | 899,727                                   |
| Breeding livestock       | -                     | 63,200          | -               | -               | 63,200                | -                        | -                  | -                     | 63,200                                    |
| Computer equipment       | 246,397               | 7,950           | -               | -               | 254,347               | 185,996                  | 17,830             | 203,826               | 50,521                                    |
| Furniture and fixtures   | 18,473                | 31,931          | -               | -               | 50,404                | 4,487                    | 1,994              | 6,481                 | 43,923                                    |
| Construction in progress | 1,374,672             | 1,194,566       | -               | (2,569,238)     | -                     | -                        | -                  | -                     | -   |
|                          | 40,997,203            | 2,026,597       | -               | -               | 43,023,800            | 18,127,925               | 1,747,078          | 19,875,003            | 23,148,797                                |