

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.

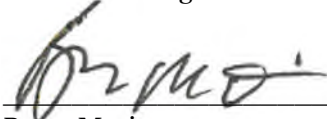
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

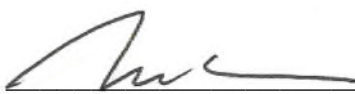
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**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

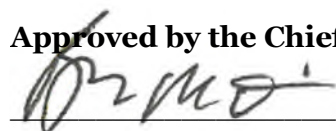
Big River First Nation

Consolidated Statement of Financial Position

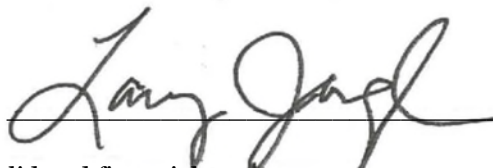
As at March 31, 2014

	2014 \$	2013 \$
Financial assets		
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
	<u>1,706,995</u>	<u>1,921,260</u>
Financial liabilities		
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)	<u>3,416,851</u>	<u>4,265,189</u>
	<u>4,162,609</u>	<u>4,467,084</u>
Net debt	(2,455,614)	(2,545,824)
Non-financial assets		
Tangible capital assets (notes 10 and 21)	<u>21,762,681</u>	<u>23,148,797</u>
Accumulated surplus (note 15)	<u>19,307,067</u>	<u>20,602,973</u>
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 \$ (note 18)	2014 \$	2013 \$
Revenues			
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)
	15,882,874	19,149,824	20,998,551
Expenses (note 14)			
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
	14,517,975	20,445,730	20,108,751
Surplus (deficit) for the year (note 16)	1,364,899	(1,295,906)	889,800
Accumulated surplus – Beginning of year	19,713,173	20,602,973	19,713,173
Accumulated surplus – End of year (note 15)	21,078,072	19,307,067	20,602,973
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

	Budget \$ (note 18)	2014 \$	2013 \$
Surplus (deficit) for the year	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
Change in net debt	1,364,899	90,210	610,281
Net debt – Beginning of year	(2,545,824)	(2,545,824)	(3,156,105)
Net debt – End of year	(1,180,925)	(2,455,614)	(2,545,824)

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

	2014 \$	2013 \$
Operating activities		
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)	593,367	(464,429)
	<u>1,136,706</u>	<u>2,365,634</u>
Investing activities		
Decrease (increase) in temporary investments, net of proceeds from redemption	53,022	(146,253)
Financing activities		
Debt issues	250,000	385,000
Debt retirement	(1,098,338)	(657,687)
	<u>(848,338)</u>	<u>(272,687)</u>
Capital activities		
Purchase of tangible capital assets	(406,074)	(2,026,597)
Decrease in net cash	<u>(64,684)</u>	<u>(79,903)</u>
Net cash – Beginning of year	<u>20,991</u>	<u>100,894</u>
Net cash – End of year	<u>(43,693)</u>	<u>20,991</u>
Net cash is comprised of		
Cash	69,299	76,391
Bank overdrafts	(112,992)	(55,400)
	<u>(43,693)</u>	<u>20,991</u>
Supplementary cash flow information		
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

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

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.

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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 \$	2013 \$
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)
Total cash and bank overdrafts, net	(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
	1,368,054	1,422,086
Less: allowance for doubtful accounts	274,697	124,697
	1,093,357	1,297,389

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Notes to Consolidated Financial Statements

March 31, 2014

4 Trust funds held by federal government

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

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

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

	2014 \$	2013 \$
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
	200,942	101,276

6 Portfolio investments

	2014 \$	2013 \$
Corman Park Developments	50,000	50,000
First Nations Bank of Canada	22,005	22,005
	72,005	72,005

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2014

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 \$	2013 \$
Horizon Interiors Limited Partnership	-	48,433

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

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

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

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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 \$	2013 \$
Trade payables	78,384	14,372
Other accrued liabilities	66,600	66,600
	<u>144,984</u>	<u>80,972</u>

9 Deferred revenue

	Balance at March 31, 2013 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2014 \$
Federal government				
Capital projects	61,991	75,000	(18,157)	118,834
Other	3,532	494,121	(128,705)	368,948
	<u>65,523</u>	<u>569,121</u>	<u>(146,862)</u>	<u>487,782</u>

	Balance at March 31, 2012 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2013 \$
Federal government				
Capital projects	339,007	114,400	(391,416)	61,991
Other	10,948	-	(7,416)	3,532
	<u>349,955</u>	<u>114,400</u>	<u>(398,832)</u>	<u>65,523</u>
Provincial government				
Capital projects	292,430	721,897	(1,014,327)	-
Total	<u>642,385</u>	<u>836,297</u>	<u>(1,413,159)</u>	<u>65,523</u>

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Notes to Consolidated Financial Statements

March 31, 2014

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
	<u>3,216,851</u>	<u>3,990,189</u>

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Notes to Consolidated Financial Statements

March 31, 2014

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, BRFN 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

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	100,000
	<hr/>
	200,000
	<hr/>

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).

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Notes to Consolidated Financial Statements

March 31, 2014

13 Government transfers

	Operating \$	Capital \$	2014 Total \$
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
	11,199,394	-	11,199,394
Provincial government transfers	351,916	-	351,916
	11,551,310	-	11,551,310

	Operating \$	Capital \$	2013 Total \$
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
	11,503,716	391,416	11,895,132
Provincial government transfers	281,692	1,014,327	1,296,019
	11,785,408	1,405,743	13,191,151

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.

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14 Expenses by object

	Budget \$	2014 \$	2013 \$
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
	14,517,975	20,445,730	20,108,751

15 Accumulated surplus

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

Big River First Nation

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March 31, 2014

16 Annual surplus net of capital related revenues and amortization

	2014 \$	2013 \$
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

	2014 \$	2013 \$
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)	10,195,273

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March 31, 2014

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:

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Notes to Consolidated Financial Statements

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	Band owned			Education			Band government		
	Budget 2014 \$	2014 \$	2013 \$	Budget 2014 \$	2014 \$	2013 \$	Budget 2014 \$	2014 \$	2013 \$
Revenues									
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
Expenses									
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
Surplus (deficit) for the year	1,510,816	968,831	2,251,076	167,502	(228,676)	442,520	(888,259)	(1,310,943)	(1,083,833)

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	Health			Facilities maintenance			Capital projects		
	Budget 2014 \$	2014 \$	2013 \$	Budget 2014 \$	2014 \$	2013 \$	Budget 2014 \$	2014 \$	2013 \$
Revenues									
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
Expenses									
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
Surplus (deficit) for the year	148,419	71,946	118,155	115,829	6,127	133,323	310,592	(803,191)	(971,441)

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Notes to Consolidated Financial Statements

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21 Tangible capital assets

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

	Cost				Accumulated amortization			Net book value
	Opening balance	Additions	Disposals	Transfers	Opening balance	Amortization	Closing balance	March 31, 2013
	\$	\$	\$	\$	\$	\$	\$	\$
Land	600,962	520,000	-	-	-	-	-	1,120,962
Roads	8,807	-	-	-	441	294	735	8,072
Buildings and structures	36,367,058	-	-	2,569,238	16,466,900	1,507,004	17,973,904	20,962,392
Vehicles and equipment	2,380,834	208,950	-	-	1,470,101	219,956	1,690,057	899,727
Breeding livestock	-	63,200	-	-	-	-	-	63,200
Computer equipment	246,397	7,950	-	-	185,996	17,830	203,826	50,521
Furniture and fixtures	18,473	31,931	-	-	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	-	-	18,127,925	1,747,078	19,875,003	23,148,797