

Big River First Nation

Consolidated Financial Statements
March 31, 2017



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:

A handwritten signature in black ink, appearing to read 'Bruce Morin'.

Bruce Morin
Chief

A handwritten signature in black ink, appearing to read 'Derek Klein'.

Derek Klein
Administrator



August 11, 2017

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, 2017 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.



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, 2017 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 Professional Accountants

Big River First Nation

Consolidated Statement of Financial Position

As at March 31, 2017

	2017 \$	2016 \$
Financial assets		
Cash (note 2)	966,587	1,080,010
Temporary investments	721,565	391,562
Accounts receivable (note 3)	874,560	491,309
Inventories for resale	107,677	161,129
Due from government and other government organizations (note 5)	54,267	215,836
Trust funds held by federal government (note 4)	38,648	37,515
Portfolio investments (note 6)	22,005	72,005
	<hr/>	<hr/>
	2,785,309	2,449,366
Financial liabilities		
Bank overdrafts (notes 2 and 8)	463,056	-
Accounts payable and accrued liabilities	223,788	429,155
Deferred revenue (note 7)	1,405,242	602,498
Long-term debt (note 8)	4,859,822	5,798,415
	<hr/>	<hr/>
	6,951,908	6,830,068
Net debt	<hr/>	<hr/>
	(4,166,599)	(4,380,702)
Non-financial assets		
Tangible capital assets (note 20)	<hr/>	<hr/>
	23,537,300	24,001,156
Accumulated surplus (note 14)	<hr/>	<hr/>
Employee future benefits (note 9)	19,370,701	19,620,454

Contingent liabilities (note 10)

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, 2017

	Budget \$ (note 17)	2017 \$	2016 \$
Revenues			
Federal government transfers for operating (note 11)	13,966,312	13,672,159	11,559,234
Miami Gas Bar (note 12)	4,151,837	4,306,582	4,352,588
First Nations Trust	1,100,000	1,095,642	1,173,475
A.C. Forestry Ltd.	913,092	1,003,092	1,091,565
Agency Chiefs Tribal Council	643,250	831,736	556,923
Provincial government transfers (note 11)	372,286	380,210	319,350
Agency Chiefs Child & Family Services	220,474	220,474	219,322
Cattle	214,181	214,181	75,898
Rent	197,240	194,811	190,109
Northern Lights Development Corporation	159,600	166,406	159,600
Federal government transfers for capital (note 11)	87,751	87,751	207,671
User fees	-	67,721	75,036
Tuition	66,775	66,775	52,800
Bingo	52,372	58,115	32,147
Other	163,335	28,767	94,022
Amounts held in trust by federal government	-	1,133	1,166
	<u>22,308,505</u>	<u>22,395,555</u>	<u>20,160,906</u>
Expenses (note 13)			
Education	6,414,798	6,647,772	6,126,356
Band owned	6,040,474	6,195,371	5,666,028
Band government	2,116,810	2,382,027	2,275,382
Health	2,012,477	2,065,536	2,120,602
Capital projects	1,385,629	2,114,904	748,151
Facilities maintenance	1,930,474	1,886,249	1,944,810
	<u>19,900,662</u>	<u>21,291,859</u>	<u>18,881,329</u>
Surplus for the year before amortization (note 15)			
Amortization of tangible capital assets	2,407,843	1,103,696	1,279,577
	<u>1,300,000</u>	<u>1,353,449</u>	<u>1,269,774</u>
Surplus (deficit) for the year			
	<u>1,107,843</u>	<u>(249,753)</u>	<u>9,803</u>
Accumulated surplus – Beginning of year			
	<u>19,620,454</u>	<u>19,620,454</u>	<u>19,610,651</u>
Accumulated surplus – End of year (note 14)			
	<u>20,728,297</u>	<u>19,370,701</u>	<u>19,620,454</u>
Segment disclosure (note 19)			

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, 2017

	Budget \$ (note 17)	2017 \$	2016 \$
Surplus (deficit) for the year	1,107,843	(249,753)	9,803
Purchase of tangible capital assets	(1,000,000)	(889,593)	(4,060,373)
Amortization of tangible capital assets	1,300,000	1,353,449	1,269,774
Decrease in prepaid expenses	-	-	16,300
Change in net debt	1,407,843	214,103	(2,764,496)
Net debt – Beginning of year	(4,380,702)	(4,380,702)	(1,616,206)
Net debt – End of year	<u>(2,972,859)</u>	<u>(4,166,599)</u>	<u>(4,380,702)</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, 2017

	2017 \$	2016 \$
Operating activities		
Surplus (deficit) for the year	(249,753)	9,803
Items not affecting cash		
Amortization of tangible capital assets	1,353,449	1,269,774
Bad debt write offs	260,212	80,000
Impairment of portfolio investments	50,000	-
Amounts earned and held in trust by federal government	(1,133)	(1,166)
Net change in non-cash charges to operations (note 16)	<u>168,935</u>	<u>188,596</u>
	<u>1,581,710</u>	<u>1,547,007</u>
Investing activities		
Increase in temporary investments, net of proceeds from redemption	<u>(330,003)</u>	<u>(130,872)</u>
Financing activities		
Debt issues	230,000	4,170,000
Debt retirement	<u>(1,168,593)</u>	<u>(1,182,810)</u>
	<u>(938,593)</u>	<u>2,987,190</u>
Capital activities		
Purchase of tangible capital assets	<u>(889,593)</u>	<u>(4,060,373)</u>
Net change in cash	<u>(576,479)</u>	<u>342,952</u>
Cash – Beginning of year	<u>1,080,010</u>	<u>737,058</u>
Cash – End of year	<u>503,531</u>	<u>1,080,010</u>
Net cash is comprised of:		
Cash (note 2)	966,587	1,080,010
Bank overdrafts (note 2)	<u>(463,056)</u>	<u>-</u>
	<u>503,531</u>	<u>1,080,010</u>
Supplementary cash flow information		
Interest paid in the year	<u>169,437</u>	<u>111,363</u>

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

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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 Chartered Professional Accountants of Canada.

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. The First Nation owns 49.95% of Horizon Interiors Limited Partnership, 33% of A.C. Forestry Ltd., and 33% of A.C. Realty Ltd. The First Nation's investments in government business enterprises are \$nil as at March 31, 2017 (2016 – nil).

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, A.C. Forestry Ltd., and A.C. Realty Ltd.

d) Cash and bank overdrafts

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, 2017

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, 2017

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

	2017	2016
	\$	\$
Unrestricted cash (bank overdrafts)		
Operating (note 8)	(463,056)	74,215
Restricted cash		
Capital projects	966,587	1,005,795
Total cash and bank overdrafts, net	503,531	1,080,010

3 Accounts receivable

	2017	2016
	\$	\$
A.C. Forestry Ltd.	560,083	90,000
Agency Chiefs Tribal Council	274,886	48,931
Other advances and receivables	23,250	37,483
GST receivable	16,341	45,740
Miami Gas Bar customer receivables	-	116,673
Advances to membership and staff	-	84,797
Advances to Chief and Council	-	58,070
Agency Chiefs Child and Family Services	-	9,615
	874,560	491,309

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

4 Trust funds held by federal government

	March 31, 2016 \$	Additions \$	Withdrawals \$	March 31, 2017 \$
Revenue Capital	25,686 11,829	1,133 -	-	26,819 11,829
	<hr/>	<hr/>	<hr/>	<hr/>
	37,515	1,133	-	38,648

	March 31, 2015 \$		March 31, 2016 \$
Revenue Capital	24,520 11,829	1,166 -	-
	<hr/>	<hr/>	<hr/>
	36,349	1,166	-
	<hr/>	<hr/>	<hr/>
			37,515

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

	2017 \$	2016 \$
Provincial government and other government organizations	54,267	142,790
Federal government		
Health Canada	-	56,226
Canada Mortgage and Housing Corporation	-	14,420
Royal Canadian Mounted Police	-	2,400
	<hr/>	<hr/>
	54,267	215,836

6 Portfolio investments

	2017 \$	2016 \$
Corman Park Developments	-	50,000
First Nations Bank of Canada	22,005	22,005
	<hr/>	<hr/>
	22,005	72,005

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

7 Deferred revenue

	Balance at March 31, 2016	Funding received \$	Revenue recognized \$	Balance at March 31, 2017
Federal government				
Capital projects	459,605	549,610	(87,751)	921,464
Other	142,893	6,281,684	(6,063,059)	361,518
CMHC RRAP advances	-	192,945	(70,685)	122,260
	602,498	7,024,239	(6,221,495)	1,405,242

	Balance at March 31, 2015	Funding received \$	Revenue recognized \$	Balance at March 31, 2016
Federal government				
Capital projects	127,101	540,175	(207,671)	459,605
Other	271,287	10,849,001	(10,977,395)	142,893
	398,388	11,389,176	(11,185,066)	602,498

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 Indigenous and Northern Affairs Canada. CMHC RRAP advances are forgiven over a five year period from the date of the advance to the First Nation if all stipulations are met over the term of the advances.

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

8 Long-term debt

	2017 \$	2016 \$
Demand loan due April 7, 2017, with a Band Council Resolution as security which includes instructions to First Nations Trust to forward all future funding to the lender.	15,000	215,000
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.	24,500	66,500
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.	58,333	108,333
Demand loan due February 1, 2019, repayable in monthly principal instalments of \$4,722 plus accrued interest of prime plus 0.5% secured with a Band Council Resolution.	108,611	165,278
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 INAC 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 for the group home.	343,493	466,473
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.	51,250	66,250
Demand loan due August 1, 2025, repayable in annual principal instalments of \$473,182 plus monthly accrued interest at prime plus 0.5%; with a Band Council Resolution as security which includes instructions to INAC to forward capital disbursements to the lender until the loan is repaid in full.	4,258,635	4,501,817
Demand loans repaid during the year	-	208,764
	<hr/> 4,859,822	<hr/> 5,798,415

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

	\$
2018	762,774
2019	682,570
2020	569,138
2021	479,432
2022	473,182
Subsequent	<u>1,892,726</u>
	<u>4,859,822</u>

Interest expense on long term debt for the year ended March 31, 2017 was \$169,437 (2016 – \$111,363).

During the year ended March 31, 2017 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 revolving lines of credit of \$750,000 and \$55,000 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 \$5,268,770 and relate to the seven demand loans in place at March 31, 2017, which had principal outstanding at March 31, 2017 of \$4,859,822. The terms of all seven term facilities are consistent with those disclosed above.

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 INAC 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.

The First Nation has an ownership interest of 49.95% in the corporate entities which are the limited and general partners of Horizon Interiors Limited Partnership (“Horizon”). At March 31, 2017, Horizon has total available debt of \$600,000 consisting of a) letter of credit of \$100,000 maximum (bearing interest at 9.5% and due on demand); b) mortgage loan of \$425,000 maximum (bearing interest at 6.5% and due in monthly instalments of \$5,000); c) equipment loan of \$56,504 maximum (bearing interest at 9.5% and due in monthly instalments of \$1,600); and d) loan with maximum limit of \$75,000 (bearing interest at 9.5% and due on demand).

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

The debt 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, 2017 there were no amounts drawn on the letter of credit, \$317,821 was drawn on the mortgage, \$56,504 was drawn on the equipment loan and \$69,808 was drawn on the loan for a total of \$444,133.

The First Nation has an ownership interest of 33.33% in A.C. Forestry Ltd. and A.C. Realty Ltd. As at March 31, 2017, A.C. Forestry Ltd., has total available debt of \$1,685,000, in the form of a demand loan. The First Nation has provided a guarantee and postponement of claim to the lender in support of the financing to A.C. Forestry Ltd. for the full amount of the financing. The demand loan bears interest at prime plus 3.55% and is repayable in bi-weekly principal and interest installments of \$16,536.

9 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 \$246,140 during the year ended March 31, 2017 (2016 - \$256,310), 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, 2017

10 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.

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, 2017, the amount of the obligation cannot be reliably estimated.

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

11 Government transfers

	Operating \$	Capital \$	2017 Total \$
Federal government transfers			
Indigenous and Northern Affairs Canada (note 18)	12,469,882	87,751	12,557,633
Health Canada	1,131,592	-	1,131,592
Canada Mortgage and Housing Corporation	70,685	-	70,685
Provincial government transfers			
	13,672,159	87,751	13,759,910
	380,210	-	380,210
	<u>14,052,369</u>	<u>87,751</u>	<u>14,140,120</u>

	Operating \$	Capital \$	2016 Total \$
Federal government transfers			
Indigenous and Northern Affairs Canada	10,394,057	207,671	10,601,728
Health Canada	1,051,318	-	1,051,318
Canada Mortgage and Housing Corporation	113,859	-	113,859
Provincial government transfers			
	11,559,234	207,671	11,766,905
	319,350	-	319,350
	<u>11,878,584</u>	<u>207,671</u>	<u>12,086,255</u>

Provincial rebates on products purchased by the Miami Gas Bar of \$812,376 (2016 – \$774,891) are applied directly to products purchased and reduce cost of sales within band owned expenditures in the Statement of Operations.

12 Miami Gas Bar

During the year, the First Nation became aware of an alleged misappropriation of funds by an employee of the Miami Gas Bar during the period from December 2015 through December 2016. The estimated portion of the alleged misappropriation during the year ended March 31, 2016 was approximately \$85,000 and the estimated portion of the alleged misappropriation during the year ended March 31, 2017 was \$400,000. Revenues of the Miami Gas Bar in the Statement of Operations are reported net of the amounts of the alleged misappropriation.

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

13 Expenses by object

	Budget \$	2017 \$	2016 \$
Salaries and wages	8,078,769	8,200,381	7,644,828
Cost of sales	3,404,166	3,839,804	3,432,184
Repairs and maintenance	1,521,093	1,752,679	649,518
Supplies and materials	1,254,069	1,421,720	1,111,345
Travel	845,189	861,552	1,029,630
Student support	714,550	749,510	708,411
Training programs and workshops	702,077	707,372	772,914
Tuition	501,276	635,055	515,612
Executive management fees	360,000	467,194	426,085
Utilities	363,394	406,956	401,949
Membership support	327,000	327,301	390,692
Bad debt and portfolio investment write offs	9,000	310,212	80,000
Professional development	276,078	254,740	291,685
Professional fees	226,038	234,918	317,527
Interest and bank charges	313,448	200,044	157,534
Recreation	168,944	162,299	177,368
Contractors	197,600	130,575	147,242
Projects	143,352	120,468	160,480
Cultural activities	104,721	117,242	91,770
Elders	92,870	103,838	90,389
Equipment leases	94,148	95,051	57,388
Insurance	84,500	77,318	80,151
Fuel	89,280	70,745	95,218
Other	-	17,546	20,244
Rent	19,200	17,439	21,265
Child care	9,900	9,900	9,900
	<hr/> 19,900,662	<hr/> 21,291,859	<hr/> 18,881,329

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

14 Accumulated surplus

	2017 \$	2016 \$
Internally restricted		
Invested in tangible capital assets	18,677,478	17,743,136
Unrestricted	<u>693,223</u>	<u>1,877,318</u>
	<u><u>19,370,701</u></u>	<u><u>19,620,454</u></u>

15 Annual surplus net of capital related revenues and amortization

	2017 \$	2016 \$
Surplus for the year before amortization	<u>1,103,696</u>	<u>1,279,577</u>
Less capital related revenues included in surplus for the year:		
Federal government transfers for capital (note 11)	<u>(87,751)</u>	<u>(207,671)</u>
Surplus for the year net of capital related revenues and amortization	<u><u>1,015,945</u></u>	<u><u>1,071,906</u></u>

16 Net change in non-cash charges to operations

	2017 \$	2016 \$
Accounts receivable	(643,463)	96,463
Inventories for resale	53,452	(60,372)
Due from government and other government organizations	161,569	(148,423)
Accounts payable and accrued liabilities	(205,367)	80,518
Deferred revenue	802,744	204,110
Prepaid expenses	-	16,300
	<u><u>168,935</u></u>	<u><u>188,596</u></u>

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

17 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.

18 Indigenous and Northern Affairs Canada (INAC)

	\$
Funding total per INAC transfer payment management system	13,238,117
Less: Deferred revenue – capital projects (note 7)	(921,464)
Less: Deferred revenue – unexpended operating funding (note 7)	(361,518)
Add: Prior year deferred revenue – capital projects (note 7)	459,605
Add: Prior year deferred revenue – unexpended operating funding (note 7)	<u>142,893</u>
 Funding total per consolidated financial statements (note 11)	 <u>12,557,633</u>

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

19 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, 2017

	Band owned			Education			Band government		
	Budget 2017 \$	2017 \$	2016 \$	Budget 2017 \$	2017 \$	2016 \$	Budget 2017 \$	2017 \$	2016 \$
Revenues									
Federal government transfers	25,479	25,479	24,906	6,994,018	6,838,634	6,290,366	1,016,364	1,037,604	902,427
Provincial government transfers	360,257	266,889	275,850	-	-	-	-	-	-
Miami Gas Bar	4,151,837	4,306,582	4,352,588	-	-	-	-	-	-
First Nations Trust	1,100,000	1,095,642	1,173,475	-	-	-	-	-	-
A.C. Forestry Ltd.	913,092	1,003,092	1,091,565	-	-	-	-	-	-
Agency Chiefs Tribal Council	243,782	434,264	185,188	-	-	-	-	-	-
Agency Chiefs Child & Family Services	220,474	220,474	219,322	-	-	-	-	-	-
Other	308,794	317,693	158,679	-	-	-	121,094	85,064	43,388
Rent	-	-	-	-	-	-	197,240	194,811	190,109
Northern Lights Development Corporation	-	-	-	-	-	-	159,600	166,406	159,600
User fees	-	67,721	-	-	-	-	-	-	-
Tuition	-	-	-	66,775	66,775	52,800	-	-	-
Amounts held in trust by federal government	-	1,133	1,166	-	-	-	-	-	-
	7,323,715	7,738,969	7,482,739	7,060,793	6,905,409	6,343,166	1,494,298	1,483,885	1,295,524
Expenses									
Salaries, wages and benefits	690,368	748,370	616,925	4,625,626	4,762,678	4,309,943	837,622	695,265	676,450
Cost of sales	3,404,166	3,839,804	3,432,184	-	-	-	-	-	-
Repairs and maintenance	98,700	100,156	64,844	22,700	12,256	46,721	33,000	26,534	26,785
Supplies and materials	178,181	167,804	171,193	327,307	254,870	233,599	85,000	66,434	67,704
Training programs and workshops	-	-	-	-	-	-	-	-	-
Travel	83,000	59,684	40,907	118,168	106,589	130,635	488,995	544,719	638,814
Student support	-	-	-	714,550	749,510	708,411	-	-	-
Executive management fees	-	-	-	-	-	-	360,000	467,194	426,085
Membership support	325,000	322,016	388,379	2,000	5,285	2,313	-	-	-
Tuition	-	-	-	501,276	635,055	515,612	-	-	-
Utilities	36,700	38,778	31,755	12,000	10,066	10,182	74,500	69,399	67,733
Interest and bank charges	289,948	158,252	68,438	-	-	-	13,500	12,550	22,505
Other	797,041	760,507	851,403	91,171	111,463	168,940	224,193	499,932	349,306
	5,903,104	6,195,371	5,666,028	6,414,798	6,647,772	6,126,356	2,116,810	2,382,027	2,275,382
Surplus (deficit) for the year before amortization	1,420,611	1,543,598	1,816,711	645,995	257,637	216,810	(622,512)	(898,142)	(979,858)

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

	Health			Facilities maintenance			Capital projects		
	Budget 2017 \$	2017 \$	2016 \$	Budget 2017 \$	2017 \$	2016 \$	Budget 2017 \$	2017 \$	2016 \$
Revenues									
Federal government transfers	1,513,579	1,883,986	1,797,603	1,625,594	1,674,951	1,581,219	2,879,029	2,197,562	1,170,384
Provincial government transfers	12,029	12,029	43,500	-	101,292	-	-	-	-
Miami Gas Bar	-	-	-	-	-	-	-	-	-
First Nations Trust	-	-	-	-	-	-	-	-	-
A.C. Forestry Ltd.	-	-	-	-	-	-	-	-	-
Agency Chiefs Tribal Council	330,492	328,496	294,564	68,976	68,976	77,171	-	-	-
Agency Chiefs Child & Family Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-
Northern Lights Development Corporation	-	-	-	-	-	-	-	-	-
User fees	-	-	37,933	-	-	37,103	-	-	-
Tuition	-	-	-	-	-	-	-	-	-
Amounts held in trust by federal government	-	-	-	-	-	-	-	-	-
	1,856,100	2,224,511	2,173,600	1,694,570	1,845,219	1,695,493	2,879,029	2,197,562	1,170,384
Expenses									
Salaries, wages and benefits	891,120	902,233	850,070	1,019,033	1,076,835	973,357	15,000	15,000	-
Cost of sales	-	-	-	-	-	-	-	-	-
Repairs and maintenance	1,158	632	6,690	262,683	214,507	200,202	1,102,852	1,398,594	304,276
Supplies and materials	210,989	210,639	153,394	158,471	140,984	151,947	294,121	580,989	333,508
Training programs and workshops	702,077	707,372	772,914	-	-	-	-	-	-
Travel	66,100	62,196	67,877	81,400	80,512	140,731	7,526	7,852	10,666
Student support	-	-	-	-	-	-	-	-	-
Executive management fees	-	-	-	-	-	-	-	-	-
Membership support	-	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	-	-
Utilities	9,230	7,907	12,263	230,964	280,806	280,016	-	-	-
Interest and bank charges	10,000	2,424	5,946	-	-	-	-	26,818	60,645
Other	173,303	172,133	251,448	177,923	92,605	198,557	52,000	85,651	39,056
	2,063,977	2,065,536	2,120,602	1,930,474	1,886,249	1,944,810	1,471,499	2,114,904	748,151
Surplus (deficit) for the year before amortization	(207,877)	158,975	52,998	(235,904)	(41,030)	(249,317)	1,407,530	82,658	422,233

Big River First Nation

Notes to Consolidated Financial Statements

March 31, 2017

20 Tangible capital assets

	Cost					Accumulated amortization			Net book value
	Opening balance \$	Additions \$	Disposals \$	Transfers \$	Closing balance \$	Opening balance \$	Amortization \$	Closing balance \$	March 31, 2017 \$
Land	1,143,462	-	-	-	1,143,462	-	-	-	1,143,462
Roads	8,807	-	-	-	8,807	1,617	294	1,911	6,896
Buildings and structures	39,962,580	-	-	3,644,199	43,606,779	21,588,347	1,132,052	22,720,399	20,886,380
Vehicles and equipment	3,311,990	125,788	-	-	3,437,778	2,292,046	188,474	2,480,520	957,258
Breeding livestock	347,750	12,000	-	-	359,750	-	-	-	359,750
Computer equipment	322,048	11,281	-	-	333,329	265,907	16,970	282,877	50,452
Furniture and fixtures	82,228	23,801	-	-	106,029	44,844	15,659	60,503	45,526
Construction in progress	3,015,052	716,723	-	(3,644,199)	87,576	-	-	-	87,576
	48,193,917	889,593	-	-	49,083,510	24,192,761	1,353,449	25,546,210	23,537,300

	Cost					Accumulated amortization			Net book value
	Opening balance \$	Additions \$	Disposals \$	Transfers \$	Closing balance \$	Opening balance \$	Amortization \$	Closing balance \$	March 31, 2016 \$
Land	1,143,462	-	-	-	1,143,462	-	-	-	1,143,462
Roads	8,807	-	-	-	8,807	1,323	294	1,617	7,190
Buildings and structures	38,957,563	1,005,017	-	-	39,962,580	20,549,279	1,039,068	21,588,347	18,374,233
Vehicles and equipment	2,973,598	338,392	-	-	3,311,990	2,096,613	195,433	2,292,046	1,019,944
Breeding livestock	203,200	144,550	-	-	347,750	-	-	-	347,750
Computer equipment	309,168	12,880	-	-	322,048	245,055	20,852	265,907	56,141
Furniture and fixtures	72,236	9,992	-	-	82,228	30,717	14,127	44,844	37,384
Construction in progress	465,510	2,549,542	-	-	3,015,052	-	-	-	3,015,052
	44,133,544	4,060,373	-	-	48,193,917	22,922,987	1,269,774	24,192,761	24,001,156

