

Beausoleil First Nation
Financial Statements
For the year ended March 31, 2016

Contents

Management's Responsibility for the Financial Statements	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 26



Beausoleil First Nation

Management's Responsibility for the Financial Statements

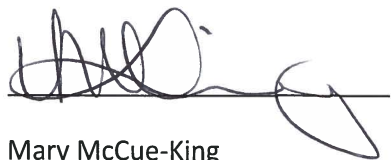
The accompanying financial statements of Beausoleil First Nation are the responsibility of management and have been approved by Chief and Council.

These 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. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

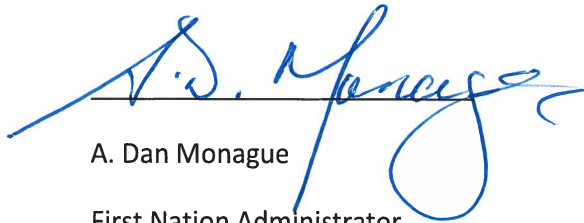
The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Beausoleil First Nation and meet when required.

On behalf of Beausoleil First Nation:



Mary McCue-King

Chief



A. Dan Monague

First Nation Administrator

July 19, 2016

Independent Auditor's Report

To the Members of Beausoleil First Nation

We have audited the accompanying financial statements of Beausoleil First Nation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beausoleil First Nation as at March 31, 2016, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matters

Beausoleil First Nation has also prepared another set of financial statements for the year ended March 31, 2016 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Beausoleil First Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Beausoleil First Nation and was dated July 19, 2016.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Bracebridge, Ontario

July 19, 2016

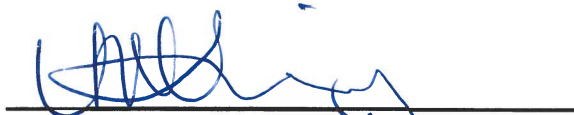
Beausoleil First Nation Statement of Financial Position

March 31	2016	2015
Financial assets		
Cash and cash equivalents (Note 2)	\$ 15,959,679	\$ 12,669,898
Investments (Note 3)	559,644	682,644
Trust funds held by federal government (Note 4)	55,459	52,626
Accounts receivable (Note 5)	222,837	298,031
Due from government (Note 6)	655,274	1,988,398
Loans receivable (Note 7)	296,124	295,792
	<u>17,749,017</u>	<u>15,987,389</u>
Liabilities		
Bank loan (Note 8)	21,584	58,583
Accounts payable and accrued liabilities (Note 9)	2,183,918	2,645,813
Due to government (Note 10)	798,190	735,159
Deferred revenue (Note 11)	342,581	115,427
Long-term debt (Note 12)	2,392,142	1,813,567
Solid waste closure and post-closure liabilities (Note 13)	634,521	625,401
	<u>6,372,936</u>	<u>5,993,950</u>
Net financial assets	<u>11,376,081</u>	<u>9,993,439</u>
Non-financial assets		
Tangible capital assets (Note 15)	27,638,279	28,343,743
Prepaid expenses	114,573	96,054
	<u>27,752,852</u>	<u>28,439,797</u>
Accumulated surplus	<u>\$ 39,128,933</u>	<u>\$ 38,433,236</u>

Contingent Liabilities (Note 16)

Trust Under Administration (Note 18)

On behalf of Beausoleil First Nation:



Chief



First Nation Administrator

The accompanying notes are an integral part of these financial statements

Beausoleil First Nation

Statement of Operations and Accumulated Surplus

	(Note 19) Budget 2016	2016	2015
For the year ended March 31			
Revenue			
Federal government transfers (Note 17)	\$ 8,959,392	\$ 7,133,262	\$ 9,170,400
Provincial government transfers (Note 17)	4,465,224	4,453,078	4,428,554
Nookmis Trust revenue	3,882,618	4,357,577	3,882,618
Ontario First Nation Limited Partner	1,200,000	1,259,072	1,250,026
User fees	869,176	977,026	919,100
Other	3,239,922	2,124,485	2,443,895
	22,616,332	20,304,500	22,094,593
Expenses			
Administration and governance	4,673,951	2,506,984	2,443,210
Education	4,222,388	3,956,162	4,137,857
Health services	2,046,924	1,817,098	1,927,241
Social and community services	2,539,526	2,708,774	2,463,610
Housing	838,669	1,107,961	827,172
Infrastructure and community property	2,023,327	2,408,828	2,313,014
Employment and economic development	265,206	409,831	385,531
Transportation	2,212,292	1,969,268	2,032,384
Lands	392,247	346,578	438,946
Emergency services	1,310,692	1,419,170	1,393,538
Reserve and other	1,832,826	958,149	1,077,139
	22,358,048	19,608,803	19,439,642
Annual surplus	258,284	695,697	2,654,951
Accumulated surplus, beginning of year	38,433,236	38,433,236	35,778,285
Accumulated surplus, end of year	\$ 38,691,520	\$ 39,128,933	\$ 38,433,236

Segment Disclosure (Note 20)

Beausoleil First Nation
Statement of Change in Net Financial Assets

For the year ended March 31	(Note 19) Budget 2016	2016	2015
Annual surplus	\$ 258,284	\$ 695,697	\$ 2,654,951
Acquisition of tangible capital assets	(1,120,609)	(1,002,188)	(1,744,034)
Amortization of tangible capital assets	-	1,527,898	1,520,498
Gain on disposal of tangible capital assets	-	(25,246)	(25,531)
Proceeds on disposal of tangible capital assets	-	205,000	57,500
	(862,325)	1,401,161	2,463,384
Use/consumption of prepaid expenses	-	(18,519)	15,789
Increase (decrease) in net financial assets	(862,325)	1,382,642	2,479,173
Net financial assets, beginning of year	9,993,439	9,993,439	7,514,266
Net financial assets, end of year	\$ 9,131,114	\$ 11,376,081	\$ 9,993,439

Beausoleil First Nation Statement of Cash Flows

For the year ended March 31	2016	2015
Operating transactions		
Annual surplus	\$ 695,697	\$ 2,654,951
Items not involving cash:		
Amortization of tangible capital assets	1,527,898	1,520,498
Accretion expense related to solid waste closure and post-closure liabilities	9,120	91,273
Gain on disposal of tangible capital assets	(25,246)	(25,531)
Changes in non-cash operating balances:		
Accounts receivable	75,194	229,134
Due from government	1,333,124	744,746
Prepaid expenses	(18,519)	15,789
Accounts payable and accrued liabilities	(461,895)	551,809
Due to government	63,031	38,374
Deferred revenue	227,154	(256,358)
Cash provided by operating transactions	<u>3,425,558</u>	<u>5,564,685</u>
Capital transactions		
Acquisition of tangible capital assets	(1,002,188)	(1,744,034)
Proceeds on disposal of tangible capital assets	205,000	57,500
Cash applied to capital transactions	<u>(797,188)</u>	<u>(1,686,534)</u>
Investing transactions		
Decrease (increase) in investments	123,000	(4,068)
Change in funds held in trust by federal government	(2,833)	(3,118)
Loans receivable	(332)	(40,875)
Cash provided by (applied to) investing transactions	<u>119,835</u>	<u>(48,061)</u>
Financing transaction		
Decrease in bank indebtedness	(36,999)	(1,174,232)
Proceeds from issuance of long-term debt	738,684	-
Repayment of long-term debt	(160,109)	(249,747)
Cash provided by (applied to) financing transactions	<u>541,576</u>	<u>(1,423,979)</u>
Increase in cash and cash equivalents	3,289,781	2,406,111
Cash and cash equivalents, beginning of year	12,669,898	10,263,787
Cash and cash equivalents, end of year	\$ 15,959,679	\$ 12,669,898

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies

a) Nature of Organization

Beausoleil First Nation (the "First Nation") provides government type services such as education, health and social services, economic development, emergency services, transportation, housing, lands and other general government services.

The First Nation is exempt from income tax.

b) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada (CPA Canada).

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, mutual funds and guaranteed investment certificates having a maturity of less than three months from the date of acquisition which are held for the purpose of meeting short-term cash commitments.

d) Investments

Investments are recorded at the lower of cost and market value.

e) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on a regular basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 30 years
Buildings	30 to 50 years
Infrastructure	25 to 60 years
Machinery and equipment	4 to 25 years
Furniture, computers and fixtures	3 to 20 years
Assets under construction	-

Beausoleil First Nation

Notes to Financial Statements

March 31, 2016

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

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 statement of operations.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

g) Landfill Closure and Post-Closure Accrual

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

h) Pension Plan

The First Nation is an employer member of The Great West Life Assurance Company, which is a defined contribution pension plan. The Pension Committee, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The First Nation records as pension expense the current service cost.

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.

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, other than government transfers, are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

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.

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2016	2015
Externally restricted		
CMHC replacement and operating reserves	\$ 170,822	\$ 169,787
Internally restricted		
OFNLP	2,949,443	1,834,325
Per capita distributions	938,691	1,096,212
Trust revenue	6,992,973	5,220,602
Unrestricted		
Operating	903,552	663,349
Other	4,004,198	3,685,623
Total cash	\$ 15,959,679	\$ 12,669,898

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Beausoleil First Nation must set aside funds annually for the repair, maintenance and replacement of assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

3. Investments

	Cost	Market Value	Cost	Market Value
	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
Equity investment	\$ 559,644	\$ 567,643	\$ 682,644	\$ 691,903

The investments earn interest ranging between 2.3% to 4.0% and mature during 2018 to 2021.

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

4. Trust Funds held by Federal Government

	Balance March 31, 2015	2016 Additions	2016 Withdrawals	Balance March 31, 2016
Revenue	\$ 49,782	\$ 2,833	\$ -	\$ 52,615
Capital	2,844	-	-	2,844
	\$ 52,626	\$ 2,833	\$ -	\$ 55,459

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 Sections 63 to 69 of the Indian Act.

5. Accounts Receivable

	2016	2015
Due from members:		
Rent	\$ 339,771	\$ 327,108
Social Housing	700,047	702,929
Due from others:		
Services - non members	254,460	341,304
	1,294,278	1,371,341
Less impairment allowance	(1,071,441)	(1,073,310)
Total accounts receivable	\$ 222,837	\$ 298,031

6. Due from Government

	2016	2015
Federal government		
Indigenous and Northern Affairs Canada	\$ 213,216	\$ 1,360,951
Health Canada	98,454	4,983
Canada Mortgage and Housing Corporation	113,122	113,962
HST	61,427	161,438
Provincial government	169,055	347,064
	\$ 655,274	\$ 1,988,398

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

7. Loans Receivable

	<u>2016</u>	<u>2015</u>
Mortgages to members, bearing various rates and various repayment terms	\$ 461,929	\$ 471,254
Other loans to members, bearing various rates and various repayment terms	<u>237,819</u>	<u>211,408</u>
	699,748	682,662
Less valuation allowance	<u>(403,624)</u>	<u>(386,870)</u>
	<u>\$ 296,124</u>	<u>\$ 295,792</u>

8. Bank Loan

	<u>2016</u>	<u>2015</u>
Term loan, repayable \$3,083 monthly including interest at prime plus 1.5%, maturing November 2016 (b)	\$ 21,584	\$ 58,583

The First Nation has arranged for credit facilities which include the following:

- (a) \$500,000 credit facility available to fund operating requirements, which was unutilized as of March 31, 2016.
- (b) \$185,000 term loan to fund the installation of broadband internet services.
- (c) \$2,000,000 credit facility to fund costs relating to the purchase of community infrastructure, which was unutilized as of March 31, 2016.

All loans are secured by a general security agreement.

9. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Trade payables	\$ 407,642	\$ 515,833
Accrued salaries and benefits payable	480,255	566,104
Other accrued liabilities	357,330	467,664
Per capita distributions payable to Members	<u>938,691</u>	<u>1,096,212</u>
	<u>\$ 2,183,918</u>	<u>\$ 2,645,813</u>

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

10. Due to Government

	2016	2015
Federal government	\$ 771,909	\$ 711,745
Provincial government	26,281	23,414
	<u>\$ 798,190</u>	<u>\$ 735,159</u>

11. Deferred Revenue

	Balance March 31, 2015	2016 Funding Received	2016 Revenue Recognized	Balance March 31, 2016
Government:				
Federal - other	\$ -	\$ 1,392,881	\$ 1,205,632	\$ 187,249
Provincial - other	-	60,720	18,626	42,094
	<u>-</u>	<u>1,453,601</u>	<u>1,224,258</u>	<u>229,343</u>
Other:				
Unearned fees	115,427	81,499	83,688	113,238
	<u>\$ 115,427</u>	<u>\$ 1,535,100</u>	<u>\$ 1,307,946</u>	<u>\$ 342,581</u>

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

12. Long-term Debt

	<u>2016</u>	<u>2015</u>
Mortgage payable \$1,371 monthly including principal and interest, bearing interest at 3.56% per annum, refinanced in year	\$ -	\$ 82,536
Mortgage payable \$1,293 monthly including principal and interest, bearing interest at 0.94% per annum due September 2020	68,318	-
Mortgage payable \$9,951 monthly including principal and interest, bearing interest at 3.45% per annum, repaid in year	-	19,975
Mortgage payable \$1,810 monthly including principal and interest, bearing interest at 1.67% per annum due April 2017	218,195	236,113
Mortgage payable \$6,028 monthly including principal and interest, bearing interest at 2.04% per annum due March 2019	533,755	594,551
Mortgage payable \$3,987 monthly including principal and interest, bearing interest at 1.67% per annum due April 2017	846,977	880,392
Mortgage payable \$2,815 monthly including principal and interest, bearing interest at 1.08% per annum due August 2020	724,897	-
	\$ 2,392,142	\$ 1,813,567

Anticipated annual principal repayments over the next five years are due as follows:

Year	Amount
2017	\$ 156,282
2018	1,118,181
2019	448,805
2020	42,307
2021	626,567
	<u>\$ 2,392,142</u>

Beausoleil First Nation

Notes to Financial Statements

March 31, 2016

13. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the First Nation's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$634,521 (2015 - \$625,401) and reflects a discount rate of 3.5% (2015 - 3.5%). The estimated total expenditures for landfill closure costs are approximately \$690,000 with annual post-closure care costs of approximately \$3,000 per year for 30 years.

The liability is based on estimates and assumptions related to events extending over the remaining life cycle of the landfill. The landfill had reached its capacity during 2008. As of March 31, 2016, the landfill has not been closed. There are no specific assets designated for these post-closure costs, though management believes that the current accumulated surplus will be sufficiently maintained to meet this liability. The estimated length of time needed for post-closure care is 30 years.

Management expects these future costs to be funded by INAC when incurred at a future date.

14. Pension Plan

The First Nation makes contributions to The Great West Life Assurance Company pension plan. This plan is a defined contribution plan. The First Nation matches employee contributions up to a maximum of 5% of the employees compensation. Employees have the choice of contributing up to 13% of their compensation to the plan. The retirement benefit for each employee is the amount that can be provided at retirement based on the accumulated contributions made on that individual's behalf and investment earnings on those contributions.

During the year, the First Nation contributed \$215,703 (2015 - \$218,247) to the defined contribution pension plan and is included in employee benefits in the statement of financial activities. There were no significant changes to the plan during the year.

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

15. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Total 2016	Total 2015
Land Improvements	1,848,243	2,618	-	1,850,861	1,115,487	64,147	-	1,179,634	671,227	732,756
Buildings	31,245,671	1,788,742	(213,532)	32,820,881	11,282,961	806,887	(35,590)	12,054,258	20,766,623	19,962,710
Infrastructure	4,009,450	-	-	4,009,450	2,315,736	98,300	-	2,414,036	1,595,414	1,693,714
Machinery and equipment	6,776,307	468,000	-	7,244,307	4,246,746	490,485	-	4,737,231	2,507,076	2,529,561
Furniture, computers and fixtures	558,289	99,622	(15,892)	642,019	344,303	68,079	(14,080)	398,302	243,717	213,986
Assets under construction	3,211,016	(1,356,794)	-	1,854,222	-	-	-	-	1,854,222	3,211,016
Total	\$47,648,976	\$ 1,002,188	\$ (229,424)	\$48,421,740	\$ 19,305,233	\$ 1,527,898	\$ (49,670)	\$ 20,783,461	\$ 27,638,279	\$ 28,343,743

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

16. Contingent Liabilities

- a) The First Nation has guaranteed the mortgages of certain members totaling a maximum of approximately \$340,000. If it is determined that a loss is likely, a provision for loss is recorded. The provision is determined using the best estimates available and taking into consideration all known circumstances. A provision for loan losses is reviewed by management on an annual basis.
- b) The First Nation receives funding for various programs subject to government approval. Where differences exist between the government agency's net approved expenses and their actual net expenses, the resolution of these variances will be negotiated between the agency and the First Nation. Any resultant adjustments will be recognized in the year in which the changes are confirmed by the agency.

17. Government Transfers

	2016	2015
Federal government transfers		
Operating:		
Indigenous and Northern Affairs Canada:		
Grant	\$ 451,041	\$ 462,834
Fixed contribution	4,285,156	4,258,319
Set contribution	1,725,016	2,325,864
Change in deferred balances	(93,242)	128,719
Change in prior years' accrued amounts	(909,481)	146,668
Health Canada	983,299	983,379
Canada Mortgage and Housing Corporation	338,923	372,032
Other	352,550	481,835
Capital	-	10,750
 Total federal government transfers	 7,133,262	 9,170,400
Provincial government transfers		
Operating	4,453,078	4,428,554
 Total provincial government transfers	 4,453,078	 4,428,554
 Total government transfers	 \$ 11,586,340	 \$ 13,598,954

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

18. Trust Under Administration

On February 10, 2012, Her Majesty the Queen in Right of Canada ("Canada") signed the Coldwater-Narrows Settlement Agreement ("Settlement Agreement") with the Chippewas of Nawash Unceded First Nation and the Chippewa Tri-Council First Nations. Under the terms of the Settlement Agreement, Canada agreed to pay compensation to the Chippewas of Nawash Unceded First Nation and the Chippewa Tri-Council First Nations in respect of the surrender of the Coldwater-Narrows Reserve. As compensation for this settlement, Canada paid \$88,879,967 into a Trust Account governed by the Niigaaning Gchi Mniissing Trust Agreement ("Trust Agreement") established on December 14, 2012. Members of the Chippewa Tri-Council First Nations, which include the Beausoleil First Nation, gave assent and ratification to the terms of the Settlement Agreement and the Trust Agreement on April 14, 2012.

The Settlement Agreement required the Beausoleil First Nation to establish the Niigaaning Gchi Mniissing Trust ("the Trust") to hold the compensation and any income there from for the long term benefit of the Members of the Beausoleil First Nation as beneficiary.

The Trustees are required to administer the Trust in accordance with the Trust Agreement and the Investment Policy for the trust.

The year end of the Trust is December 31, 2015. Supplemental financial information is as follows:

	<u>2015</u>	<u>2014</u>
Financial assets	\$ 81,220,909	\$ 81,475,292
Financial liabilities	4,464,984	3,979,654
Trust equity	<u>\$ 76,755,925</u>	<u>\$ 77,495,638</u>
Revenue	\$ 4,995,604	\$ 4,535,482
Expenses	745,250	717,925
Surplus from operations	<u>\$ 4,250,354</u>	<u>\$ 3,817,557</u>

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

19. Budget

The Financial Plan (Budget) adopted by Chief and Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. In addition, the budget expensed all tangible capital expenditures and mortgage payments rather than including amortization expense and interest expense respectively. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Chief and Council with adjustments as follows:

	<u>2016</u>
Financial Plan (Budget) surplus (deficit) for the year	\$ (1,059,436)
Add:	
Capital expenditures	1,120,609
Principal payments toward long-term debt	<u>197,111</u>
Budget surplus per statement of operations	<u>\$ 258,284</u>

Beausoleil First Nation

Notes to Financial Statements

March 31, 2016

20. Segmented Information

The First Nation is a diversified government institution that provides a wide range of services to its members such as education, health and social services, economic development, housing, police, fire, public works, planning, lands and trust, recreation and other general government services. Distinguishable functional segments have been separately disclosed in the segmented information.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts are allocated on a reasonable basis. Therefore certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

The nature of the segments and the activities they encompass are as follows:

Administration and Governance

The administration and governance functional area oversees the delivery of all governmental services. The functional area is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this functional area includes the governance activities of chief and council and management, public infrastructure, employment and training, library services, social housing and assistance for computer and communications related projects and services.

Education

The education functional area provides education management services to the First Nation members as well as overseeing various small incentives, including operation of the library on behalf of the communities.

Health Services

The health services functional area provides a diverse bundle of services directed toward the well-being of the First Nation members including such activities as long-term care, health centres, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of member communities.

Social and Community Services

The social and community services functional area provides services directed towards the well being of member's in need on non-health related services including such activities as income support, home support and provision of child welfare services.

Beausoleil First Nation Notes to Financial Statements

March 31, 2016

20. Segmented Information (continued)

Housing

The housing functional area provides rental housing to qualifying members of the First Nation.

Infrastructure and Community Property

The infrastructure and community property functional area provides services for the longevity of the First Nation by the acquisition and maintenance and management of the physical assets of the First Nation, excluding housing.

Employment and Economic Development

The employment and economic development functional area provides services, employment and training opportunities to members along with encouraging economic development of the First Nation through direct and indirect economic development initiatives.

Transportation

The transportation functional area provides transportation services to and from the First Nation in the form of ferries, hovercraft, and air boats.

Lands

The lands functional area provides services for the First Nation to pursue various activities related to lands on behalf of the members.

Emergency Services

The emergency services functional area provides services for the First Nation relating to ambulance, fire, and emergency preparedness.

Reserve and Other

The reserve and other functional area includes the management and distribution of funds received from the Ontario First Nations Limited Partnership, and trust funds held by Aboriginal Affairs and Northern Development Canada.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

20. Segmented Information (continued)

	Administration and Governance			Education			Health Services			Social and Community Services		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
Revenue												
Federal government transfers	\$ 788,834	\$ 739,328	\$ 650,950	\$ 2,775,920	\$ 2,702,127	\$ 2,851,348	\$ 1,066,362	\$ 1,109,549	\$ 1,157,377	\$ 654,599	\$ 579,587	\$ 448,302
Provincial government transfers	-	49,758	118,155	387,599	404,812	401,144	379,274	320,219	275,782	1,977,561	2,188,327	2,138,637
Nookmis Trust revenue	3,882,618	4,357,577	3,882,618	-	-	-	-	-	-	-	-	-
Ontario First Nation Limited Partner	-	-	-	-	-	-	-	-	-	-	-	-
User fees	-	-	-	9,600	9,893	12,900	-	-	-	-	-	-
Other	598,953	600,674	622,002	138,810	186,189	151,621	454,650	435,347	512,456	-	7,355	18,894
	<u>5,270,405</u>	<u>5,747,337</u>	<u>5,273,725</u>	<u>3,311,929</u>	<u>3,303,021</u>	<u>3,417,013</u>	<u>1,900,286</u>	<u>1,865,115</u>	<u>1,945,615</u>	<u>2,632,160</u>	<u>2,775,269</u>	<u>2,605,833</u>
Expenses												
Salaries and wages	1,302,527	1,140,022	1,115,019	1,792,488	1,621,495	1,619,634	1,365,706	1,251,576	1,344,686	485,137	579,224	457,033
Materials, services and other	1,816,471	444,569	213,645	702,453	587,101	652,123	493,846	389,562	362,018	486,165	533,193	582,616
Repairs and maintenance	24,060	-	1,076	48,540	53,528	116,801	72,876	33,131	35,285	4,000	2,273	14,241
Contracted services, professional fees	92,748	90,573	60,082	6,749	28,982	18,081	81,800	57,821	39,475	15,000	15,951	13,024
Utilities, insurance	29,400	26,486	24,220	64,850	69,736	63,158	39,555	46,558	41,754	71,063	9,205	8,457
Rental	-	-	-	4,500	-	-	17,900	17,904	17,900	24,000	12,000	24,000
Amortization	-	33,234	33,169	-	95,885	95,500	-	63,679	66,001	-	2,646	3,205
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,408,745	777,051	995,999	1,862,304	1,758,531	1,859,151	29,261	10,217	72,122	1,515,651	1,615,772	1,441,834
	<u>4,673,951</u>	<u>2,511,935</u>	<u>2,443,210</u>	<u>4,481,884</u>	<u>4,215,258</u>	<u>4,424,448</u>	<u>2,100,944</u>	<u>1,870,448</u>	<u>1,979,241</u>	<u>2,601,016</u>	<u>2,770,264</u>	<u>2,544,410</u>
Net surplus (deficit)	\$ 596,454	\$ 3,235,402	\$ 2,830,515	\$ (1,169,955)	\$ (912,237)	\$ (1,007,435)	\$ (200,658)	\$ (5,333)	\$ (33,626)	\$ 31,144	\$ 5,005	\$ 61,423

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

20. Segmented Information (continued)

	Housing			Infrastructure and Community Property			Employment and Economic Development			Transportation		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
Revenue												
Federal government transfers	\$ 346,093	\$ 376,661	\$ 420,520	\$ 969,182	\$ 855,591	\$ 1,069,292	\$ 103,774	\$ 172,388	\$ 177,486	\$ 1,991,114	\$ 350,324	\$ 2,166,226
Provincial government transfers	-	-	-	325,255	82,578	82,518	99,990	108,121	95,003	-	-	-
Nookmis Trust revenue	-	-	-	-	-	-	-	-	-	-	-	-
Ontario First Nation Limited Partner	-	-	-	-	-	-	-	-	-	-	-	-
User fees	329,576	325,835	368,019	-	-	-	-	-	-	-	-	-
Other	385,703	236,985	229,730	118,377	165,517	223,685	96,132	100,394	85,643	9,600	100	25,877
	<u>1,061,372</u>	<u>939,481</u>	<u>1,018,269</u>	<u>1,412,814</u>	<u>1,103,686</u>	<u>1,375,495</u>	<u>299,896</u>	<u>380,903</u>	<u>358,132</u>	<u>2,000,714</u>	<u>350,424</u>	<u>2,192,103</u>
Expenses												
Salaries and wages	182,700	167,189	163,034	875,100	832,225	682,457	228,820	286,317	189,630	1,335,800	1,232,639	1,230,604
Materials, services and other	249,898	286,300	343,141	625,150	368,654	335,230	60,770	69,323	58,019	639,292	403,015	428,246
Repairs and maintenance	319,821	202,135	174,900	352,524	235,533	451,651	506	8,223	10,424	228,000	205,025	250,649
Contracted services, professional fees	7,400	19,029	3,376	100,600	95,493	-	-	2,500	76,790	-	10,407	-
Utilities, insurance	41,418	52,482	42,686	152,500	142,693	125,036	800	4,210	1,393	119,000	130,822	104,424
Rental	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	268,580	257,268	-	782,360	762,720	-	69,242	67,840	-	97,560	120,024
Interest expense	89,509	37,796	37,962	-	-	-	2,000	1,826	3,572	-	-	-
Other	158,745	286,922	35,578	16,000	1,870	20	-	-	5,000	4,300	3,900	12,537
	<u>1,049,491</u>	<u>1,320,433</u>	<u>1,057,945</u>	<u>2,121,874</u>	<u>2,458,828</u>	<u>2,357,114</u>	<u>292,896</u>	<u>441,641</u>	<u>412,668</u>	<u>2,326,392</u>	<u>2,083,368</u>	<u>2,146,484</u>
Net surplus (deficit)	\$ 11,881	\$ (380,952)	\$ (39,676)	\$ (709,060)	\$ (1,355,142)	\$ (981,619)	\$ 7,000	\$ (60,738)	\$ (54,536)	\$ (325,678)	\$ (1,732,944)	\$ 45,619

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

20. Segmented Information (continued)

	Lands			Emergency Services			Reserve and Other			Totals		
	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015	Budget 2016	2016	2015
Revenue												
Federal government transfers	\$ 222,667	\$ 204,732	\$ 188,167	\$ 40,847	\$ 40,847	\$ 40,732	\$ -	\$ 2,128	\$ -	\$ 8,959,392	\$ 7,133,262	\$ 9,170,400
Provincial government transfers	84,000	75,871	123,963	1,211,545	1,223,392	1,193,352	-	-	-	4,465,224	4,453,078	4,428,554
Nookmis Trust revenue	-	-	-	-	-	-	-	-	-	3,882,618	4,357,577	3,882,618
Ontario First Nation Limited Partner	-	-	-	-	-	-	1,200,000	1,259,072	1,250,026	1,200,000	1,259,072	1,250,026
User fees	-	-	-	-	-	-	530,000	641,298	538,181	869,176	977,026	919,100
Other	-	26,070	75,353	3,500	3,563	3,500	2,315,282	1,209,047	1,364,535	4,121,007	2,971,241	3,313,296
	<u>306,667</u>	<u>306,673</u>	<u>387,483</u>	<u>1,255,892</u>	<u>1,267,802</u>	<u>1,237,584</u>	<u>4,045,282</u>	<u>3,111,545</u>	<u>3,152,742</u>	<u>23,497,417</u>	<u>21,151,256</u>	<u>22,963,994</u>
Expenses												
Salaries and wages	259,900	272,383	257,927	1,096,000	1,125,727	1,109,325	-	1,262	14,076	8,924,178	8,510,059	8,183,425
Materials, services and other	109,567	76,404	64,134	153,192	130,132	118,002	607,697	696,950	533,579	5,944,501	3,985,203	3,690,753
Repairs and maintenance	2,500	1,461	2,443	26,000	19,264	19,261	-	31,556	24,314	1,078,827	792,129	1,101,045
Contracted services, professional fees	46,000	9,511	23,365	4,500	4,500	3,322	30,654	47,131	24,758	385,451	381,898	262,273
Utilities, insurance	2,500	2,231	2,575	40,200	47,120	44,990	-	-	-	561,286	531,543	458,693
Rental	-	-	-	6,000	6,000	6,000	-	-	-	52,400	35,904	47,900
Amortization	-	8,140	7,002	-	106,194	107,392	-	377	377	-	1,527,897	1,520,498
Interest expense	-	-	-	-	-	-	-	-	-	91,509	39,622	41,534
Other	11,500	16,168	100,300	-	-	346	1,194,475	180,873	480,035	6,200,981	4,651,304	5,002,922
	<u>431,967</u>	<u>386,298</u>	<u>457,746</u>	<u>1,325,892</u>	<u>1,438,937</u>	<u>1,408,638</u>	<u>1,832,826</u>	<u>958,149</u>	<u>1,077,139</u>	<u>23,239,133</u>	<u>20,455,559</u>	<u>20,309,043</u>
Net surplus (deficit)	\$ (125,300)	\$ (79,625)	\$ (70,263)	\$ (70,000)	\$ (171,135)	\$ (171,054)	\$ 2,212,456	\$ 2,153,396	\$ 2,075,603	\$ 258,284	\$ 695,697	\$ 2,654,951

Beausoleil First Nation
Notes to Financial Statements

March 31, 2016

20. Segmented Information (continued)

	Consolidation Adjustments			Consolidated Totals		
	Budget 2016	2016	2015	Budget 2016	2016	2015
Revenue						
Federal government transfers	\$ -	\$ -	\$ -	\$ 8,959,392	\$ 7,133,262	\$ 9,170,400
Provincial government transfers	-	-	-	4,465,224	4,453,078	4,428,554
Nookmis Trust revenue	-	-	-	3,882,618	4,357,577	3,882,618
Ontario First Nation Limited Partner	-	-	-	1,200,000	1,259,072	1,250,026
User fees	-	-	-	869,176	977,026	919,100
Other	881,085	846,756	869,401	3,239,922	2,124,485	2,443,895
	<u>881,085</u>	<u>846,756</u>	<u>869,401</u>	<u>22,616,332</u>	<u>20,304,500</u>	<u>22,094,593</u>
Expenses						
Salaries and wages	-	-	-	8,924,178	8,510,059	8,183,425
Materials, services and other	881,085	846,756	869,401	5,063,416	3,138,447	2,821,352
Repairs and maintenance	-	-	-	1,078,827	792,129	1,101,045
Contracted services, professional fees	-	-	-	385,451	381,898	262,273
Utilities, insurance	-	-	-	561,286	531,543	458,693
Rental	-	-	-	52,400	35,904	47,900
Amortization	-	-	-	-	1,527,897	1,520,498
Interest expense	-	-	-	91,509	39,622	41,534
Other	-	-	-	6,200,981	4,651,304	5,002,922
	<u>881,085</u>	<u>846,756</u>	<u>869,401</u>	<u>22,358,048</u>	<u>19,608,803</u>	<u>19,439,642</u>
Net surplus (deficit)	\$ -	\$ -	\$ -	\$ 258,284	\$ 695,697	\$ 2,654,951