

Beausoleil First Nation
Financial Statements
For the year ended March 31, 2018

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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:

Guy Monague

Chief

A. Dan Monague

First Nation Administrator

July 17, 2018

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, 2018, 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, 2018, 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, 2018 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 17, 2018.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Bracebridge, Ontario
July 17, 2018

Beausoleil First Nation Statement of Financial Position

March 31

2018

2017

Financial assets

Cash and cash equivalents (Note 2)	\$ 23,224,249	\$ 18,458,478
Investments (Note 3)	59,644	259,644
Trust funds held by federal government (Note 4)	59,440	58,204
Accounts receivable (Note 5)	208,377	481,246
Due from government (Note 6)	2,327,292	4,479,595
Loans receivable (Note 7)	104,126	156,626
	<u>25,983,128</u>	<u>23,893,793</u>

Liabilities

Accounts payable and accrued liabilities (Note 9)	2,862,614	2,893,782
Due to government (Note 10)	271,278	182,263
Deferred revenue (Note 11)	5,249,344	4,879,201
Long-term debt (Note 12)	2,077,902	2,236,725
Solid waste closure and post-closure liabilities (Note 13)	2,370,656	653,905
	<u>12,831,794</u>	<u>10,845,876</u>

Net financial assets

	<u>13,151,334</u>	<u>13,047,917</u>
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Non-financial assets

Tangible capital assets (Note 15)	28,953,953	28,505,012
Prepaid expenses	226,610	103,556
	<u>29,180,563</u>	<u>28,608,568</u>

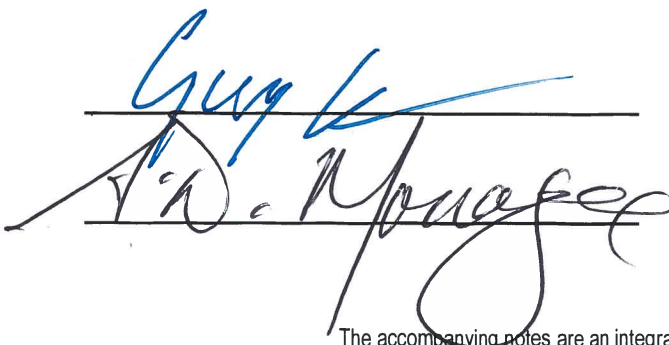
Accumulated surplus

	<u>\$ 42,331,897</u>	<u>\$ 41,656,485</u>
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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

For the year ended March 31	Budget 2018 (Note 19)	2018	2017
Revenue			
Federal government transfers (Note 17)	\$ 13,582,646	\$ 10,874,701	\$ 11,005,281
Provincial government transfers (Note 17)	4,697,472	5,088,414	4,672,619
Nookmis Trust revenue	4,377,577	3,379,877	3,586,147
Ontario First Nation Limited Partner	1,400,000	1,461,294	1,433,073
User fees	834,200	860,277	698,819
Other	3,545,115	3,426,999	3,218,819
	28,437,010	25,091,562	24,614,758
Expenses			
Administration and governance	7,508,771	2,905,348	2,824,092
Education	5,129,186	4,687,698	4,930,105
Health services	2,066,339	2,136,975	1,905,014
Social and community services	2,837,724	2,634,580	2,635,317
Housing	944,147	2,362,463	1,229,421
Infrastructure and community property	1,804,913	2,435,277	2,385,094
Employment and economic development	255,290	516,440	465,649
Transportation	2,648,700	2,210,630	2,445,648
Lands	441,116	2,154,696	401,608
Emergency services	1,356,655	1,471,838	1,420,529
Reserve and other	1,600,350	900,205	1,444,729
	26,593,191	24,416,150	22,087,206
Annual surplus	1,843,819	675,412	2,527,552
Accumulated surplus, beginning of year	41,656,485	41,656,485	39,128,933
Accumulated surplus, end of year	\$ 43,500,304	\$ 42,331,897	\$ 41,656,485

Segmented Information (Note 21)

Beausoleil First Nation
Statement of Change in Net Financial Assets

For the year ended March 31	Budget 2018 (Note 19)	2018	2017
Annual surplus	\$ 1,843,819	\$ 675,412	\$ 2,527,552
Acquisition of tangible capital assets	(2,956,024)	(3,549,130)	(2,749,461)
Amortization of tangible capital assets	-	1,751,477	1,670,571
Loss (gain) on disposal of tangible capital assets	-	1,348,712	(61,838)
Proceeds on disposal of tangible capital assets	-	-	273,995
	(1,112,205)	226,471	1,660,819
Use (purchase) of prepaid expenses	-	(123,054)	11,017
Increase (decrease) in net financial assets	(1,112,205)	103,417	1,671,836
Net financial assets, beginning of year	13,047,917	13,047,917	11,376,081
Net financial assets, end of year	\$ 11,935,712	\$ 13,151,334	\$ 13,047,917

Beausoleil First Nation Statement of Cash Flows

For the year ended March 31	2018	2017
Operating transactions		
Annual surplus	\$ 675,412	\$ 2,527,552
Items not involving cash:		
Amortization of tangible capital assets	1,751,477	1,670,571
Accretion expense related to solid waste closure and post-closure liabilities	1,716,751	19,384
Loss (gain) on disposal of tangible capital assets	1,348,712	(61,838)
Changes in non-cash operating balances:		
Accounts receivable	272,869	(258,409)
Due from government	2,152,303	(3,824,321)
Prepaid expenses	(123,054)	11,017
Accounts payable and accrued liabilities	(31,168)	709,864
Due to government	89,015	(615,927)
Deferred revenue	370,143	4,536,620
Cash provided by operating transactions	<u>8,222,460</u>	<u>4,714,513</u>
Capital transactions		
Acquisition of tangible capital assets	(3,549,130)	(2,749,461)
Proceeds on disposal of tangible capital assets	-	273,995
Cash applied to capital transactions	<u>(3,549,130)</u>	<u>(2,475,466)</u>
Investing transactions		
Decrease in investments	200,000	300,000
Change in funds held in trust by federal government	(1,236)	(2,745)
Loans receivable	52,500	139,498
Cash provided by investing transactions	<u>251,264</u>	<u>436,753</u>
Financing transaction		
Decrease in bank indebtedness	-	(21,584)
Repayment of long-term debt	(158,823)	(155,417)
Cash applied to financing transactions	<u>(158,823)</u>	<u>(177,001)</u>
Increase in cash and cash equivalents	4,765,771	2,498,799
Cash and cash equivalents, beginning of year	18,458,478	15,959,679
Cash and cash equivalents, end of year	\$ 23,224,249	\$ 18,458,478

Beausoleil First Nation Notes to Financial Statements

March 31, 2018

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) 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, 2018

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.

f) 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.

g) 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.

h) 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, 2018

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2018	2017
Externally restricted		
CMHC replacement and operating reserves	\$ 173,241	\$ 171,764
Internally restricted		
OFNLP	3,377,989	2,802,670
Per capita distributions	902,294	1,090,842
Nookmis revenue	10,581,511	9,251,088
Unrestricted		
Operating	1,726,485	1,421,684
Other	6,462,729	3,720,430
Total cash	\$ 23,224,249	\$ 18,458,478

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, 2018	March 31, 2018	March 31, 2017	March 31, 2017
Equity investment	\$ 59,644	\$ 63,241	\$ 259,644	\$ 265,973

The investments earn interest at a rate of 4.00% and mature in June 2021.

Beausoleil First Nation Notes to Financial Statements

March 31, 2018

4. Trust Funds held by Federal Government

	Balance March 31, 2017	2018 Additions	2018 Withdrawals	Balance March 31, 2018
Revenue	\$ 55,360	\$ 1,236	\$ -	\$ 56,596
Capital	2,844	-	-	2,844
	\$ 58,204	\$ 1,236	\$ -	\$ 59,440

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

	2018	2017
Due from members:		
Rent	\$ 375,617	\$ 356,660
Social Housing - rent	182,790	311,375
Due from others:		
Services - non members	240,349	514,034
Nookmis	816	-
	799,572	1,182,069
Less impairment allowance	(591,195)	(700,823)
Total accounts receivable	\$ 208,377	\$ 481,246

6. Due from Government

	2018	2017
Federal government		
Indigenous and Northern Affairs Canada	\$ 572,949	\$ 2,049,063
Canada Mortgage and Housing Corporation	37,085	247,131
HST	297,958	95,836
Provincial government	1,419,300	2,087,565
	\$ 2,327,292	\$ 4,479,595

Beausoleil First Nation Notes to Financial Statements

March 31, 2018

7. Loans Receivable

	<u>2018</u>	<u>2017</u>
Mortgages to members, bearing various rates and various repayment terms	\$ 458,752	\$ 466,745
Other loans to members, bearing various rates and various repayment terms	<u>201,002</u>	<u>223,052</u>
	659,754	689,797
Less valuation allowance	<u>(555,628)</u>	<u>(533,171)</u>
	<u>\$ 104,126</u>	<u>\$ 156,626</u>

8. Credit Facility

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, 2018 and March 31, 2017.
- (b) \$185,000 term loan to fund the installation of broadband internet services, which was unutilized as of March 31, 2018 and March 31, 2017.
- (c) \$2,000,000 credit facility to fund costs relating to the purchase of community infrastructure, which was unutilized as of March 31, 2018 and March 31, 2017.

All loans are secured by a general security agreement.

9. Accounts Payable and Accrued Liabilities

	<u>2018</u>	<u>2017</u>
Trade payables	\$ 1,135,815	\$ 720,643
Accrued salaries and benefits payable	489,662	475,413
Other accrued liabilities	334,843	606,884
Per capita distributions payable to Members	<u>902,294</u>	<u>1,090,842</u>
	<u>\$ 2,862,614</u>	<u>\$ 2,893,782</u>

Beausoleil First Nation
Notes to Financial Statements

March 31, 2018

10. Due to Government

	2018	2017
Federal government	\$ 110,871	\$ 70,493
Provincial government	160,407	111,770
	\$ 271,278	\$ 182,263

11. Deferred Revenue

	Balance March 31, 2017	2018 Funding Received	2018 Revenue Recognized	Balance March 31, 2018
Government:				
Federal	\$ 2,987,861	\$ 10,640,134	\$ 10,241,944	\$ 3,386,051
Provincial	1,755,452	200,000	226,881	1,728,571
	4,743,313	10,840,134	10,468,825	5,114,622
Other:				
Unearned fees	135,888	889,376	890,542	134,722
	\$ 4,879,201	\$ 11,729,510	\$ 11,359,367	\$ 5,249,344

Beausoleil First Nation
Notes to Financial Statements

March 31, 2018

12. Long-term Debt

	<u>2018</u>	<u>2017</u>
Mortgage payable \$1,293 monthly including principal and interest, bearing interest at 0.94% per annum due September 2020	\$ 38,309	\$ 53,383
Mortgage payable \$1,789 monthly including principal and interest, bearing interest at 1.43% per annum due April 2022	181,240	199,960
Mortgage payable \$6,028 monthly including principal and interest, bearing interest at 2.04% per annum due March 2019	408,321	471,662
Mortgage payable \$3,896 monthly including principal and interest, bearing interest at 1.43% per annum due April 2022	777,626	812,936
Mortgage payable \$2,815 monthly including principal and interest, bearing interest at 1.08% per annum due August 2020	672,406	698,784
	<u>\$ 2,077,902</u>	<u>\$ 2,236,725</u>

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

Year	Amount
2019	\$ 142,538
2020	440,898
2021	690,237
2022	53,037
2023	<u>751,192</u>
	<u>\$ 2,077,902</u>

Beausoleil First Nation

Notes to Financial Statements

March 31, 2018

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 \$2,370,656 (2017 - \$653,905) and reflects a discount rate of 3.3% (2017 - 3.3%). The estimated total expenditures for landfill closure costs are approximately \$2,138,300 with annual post-closure care costs of approximately \$14,300 per year for 25 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, 2018, 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 25 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 \$200,511 (2017 - \$198,948) 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, 2018

15. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Total 2018	Total 2017
Land	\$ -	\$ 388,000	\$ -	\$ 388,000	\$ -	\$ -	\$ -	\$ -	\$ 388,000	\$ -
Land Improvements	1,850,861	-	-	1,850,861	1,228,014	48,380	-	1,276,394	574,467	622,847
Buildings	32,752,057	65,623	(2,795,957)	30,021,723	12,837,751	773,514	(1,448,983)	12,162,282	17,859,441	19,914,306
Infrastructure	4,065,080	-	-	4,065,080	2,514,712	103,046	-	2,617,758	1,447,322	1,550,368
Machinery and equipment	8,648,282	596,529	-	9,244,811	5,323,344	728,517	-	6,051,861	3,192,950	3,324,938
Furniture, computers and fixtures	811,401	54,222	(7,397)	858,226	483,066	98,020	(5,659)	575,427	282,799	328,335
Assets under construction	2,764,218	2,444,756	-	5,208,974	-	-	-	-	5,208,974	2,764,218
Total	\$50,891,899	\$ 3,549,130	\$ (2,803,354)	\$51,637,675	\$ 22,386,887	\$ 1,751,477	\$ (1,454,642)	\$ 22,683,722	\$ 28,953,953	\$ 28,505,012

Beausoleil First Nation Notes to Financial Statements

March 31, 2018

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.
- c) Various claims have been filed or are pending against the First Nation for incidents which arose in the ordinary course of business. In the opinion of management, the outcome of the claims, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

17. Government Transfers

	2018	2017
Federal government transfers		
Operating:		
Indigenous and Northern Affairs Canada:		
Fixed contribution	\$ 6,787,887	\$ 6,265,907
Flexible contribution	1,096,772	891,000
Grant	464,883	437,774
Set contribution	966,011	2,202,526
Change in deferred balances	(497,276)	(1,398,724)
Change in prior years' accrued amounts	5,585	712,616
Health Canada	1,215,488	1,070,029
Canada Mortgage and Housing Corporation	154,858	483,509
Other	680,494	340,644
Total federal government transfers	10,874,702	11,005,281
Provincial government transfers		
Operating	5,088,414	4,672,619
Total government transfers	\$ 15,963,116	\$ 15,677,900

Beausoleil First Nation Notes to Financial Statements

March 31, 2018

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, 2017. Supplemental financial information is as follows:

	<u>2017</u>	<u>2016</u>
Financial assets	\$ 81,820,343	\$ 81,190,661
Financial liabilities	3,408,297	3,647,361
Trust equity	\$ 78,412,046	\$ 77,543,300
Revenue	\$ 4,034,256	\$ 4,195,569
Expenses	637,937	749,956
Surplus from operations	\$ 3,396,319	\$ 3,445,613

Beausoleil First Nation Notes to Financial Statements

March 31, 2018

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>2018</u>
Financial Plan/Budget deficit for the year	\$ (1,271,030)
Add:	
Capital expenditures	2,956,024
Principal payments toward long-term debt	<u>158,825</u>
Budget deficit per statement of operations	<u>\$ 1,843,819</u>

20. Commitments

The First Nation has committed to Design and Contract Administrative Services for the Wharf Reconstruction Project with a contract price of \$1,191,000.

Subsequent to year end, the First Nation has entered into a commitment with a general contractor for the construction of a New Fire Station with a contract price of \$2,862,000.

Beausoleil First Nation

Notes to Financial Statements

March 31, 2018

21. 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, 2018

21. 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, 2018

21. Segmented Information (continued)

	Administration and Governance			Education			Health Services			Social and Community Services		
	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017
Revenue												
Federal government transfers	\$ 814,313	\$ 878,406	\$ 1,494,066	\$ 3,910,499	\$ 3,486,697	\$ 3,285,668	\$ 1,129,930	\$ 1,273,411	\$ 1,123,070	\$ 559,089	\$ 604,582	\$ 453,598
Provincial government transfers	-	(803)	(1,107)	512,980	515,569	563,650	287,754	350,150	332,548	2,398,800	2,368,422	2,175,956
Nookmis Trust revenue	4,377,577	3,379,877	3,586,147	-	-	-	-	-	-	-	-	-
Ontario First Nation Limited Partner	-	-	-	-	-	-	-	-	-	-	-	-
User fees	-	-	-	12,600	18,320	20,526	-	-	-	-	-	-
Other	722,679	828,013	672,111	266,551	326,731	284,339	533,352	476,973	486,292	156,049	173,335	163,198
	<u>5,914,569</u>	<u>5,085,493</u>	<u>5,751,217</u>	<u>4,702,630</u>	<u>4,347,317</u>	<u>4,154,183</u>	<u>1,951,036</u>	<u>2,100,534</u>	<u>1,941,910</u>	<u>3,113,938</u>	<u>3,146,339</u>	<u>2,792,752</u>
Expenses												
Salaries and wages	1,339,707	1,322,879	1,161,283	1,791,020	1,785,048	1,847,957	1,416,744	1,295,871	1,121,113	575,642	472,479	457,504
Materials, services and other	4,848,539	440,263	355,283	1,604,851	1,284,883	964,300	562,910	666,169	598,231	596,026	558,663	541,083
Repairs and maintenance	16,000	16,180	8,260	43,333	82,462	84,401	21,319	48,914	53,331	1,500	1,107	987
Contracted services, professional fees	96,400	146,218	441,336	21,335	13,904	65,227	62,620	55,208	42,436	3,000	3,660	6,500
Utilities, insurance	36,300	30,107	33,982	88,734	62,359	88,325	52,596	46,667	55,681	8,400	7,121	8,095
Rental	-	-	-	-	700	-	20,300	17,904	17,904	12,000	12,000	12,000
Amortization	-	43,794	38,187	-	104,692	99,411	-	85,158	72,594	-	2,251	2,300
Loss on disposal of assets	-	1,738	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Other	1,174,325	906,669	785,761	1,929,117	1,703,454	2,079,175	17,000	8,234	15,442	1,702,656	1,638,799	1,683,945
	<u>7,511,271</u>	<u>2,907,848</u>	<u>2,824,092</u>	<u>5,478,390</u>	<u>5,037,502</u>	<u>5,228,796</u>	<u>2,153,489</u>	<u>2,224,125</u>	<u>1,976,732</u>	<u>2,899,224</u>	<u>2,696,080</u>	<u>2,712,414</u>
Net surplus (deficit)	\$ (1,596,702)	\$ 2,177,645	\$ 2,927,125	\$ (775,760)	\$ (690,185)	\$ (1,074,613)	\$ (202,453)	\$ (123,591)	\$ (34,822)	\$ 214,714	\$ 450,259	\$ 80,338

Beausoleil First Nation

Notes to Financial Statements

March 31, 2018

21. Segmented Information (continued)

	Housing			Infrastructure and Community Property			Employment and Economic Development			Transportation		
	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017
Revenue												
Federal government transfers	\$ 1,639,466	\$ 1,034,631	\$ 720,665	\$ 1,010,874	\$ 887,129	\$ 902,848	\$ 171,370	\$ 255,444	\$ 174,740	\$ 1,141,000	\$ 1,335,750	\$ 2,583,890
Provincial government transfers	-	-	-	176,507	282,518	82,518	-	91,302	151,645	-	164,750	-
Nookmis Trust revenue	-	-	-	-	-	-	-	-	-	-	-	-
Ontario First Nation Limited Partner	-	-	-	-	-	-	-	-	-	-	-	-
User fees	316,600	271,687	319,722	-	-	-	-	-	-	-	-	-
Other	268,892	241,616	271,251	216,620	121,992	226,860	94,400	118,017	135,678	16,672	-	-
	<u>2,224,958</u>	<u>1,547,934</u>	<u>1,311,638</u>	<u>1,404,001</u>	<u>1,291,639</u>	<u>1,212,226</u>	<u>265,770</u>	<u>464,763</u>	<u>462,063</u>	<u>1,157,672</u>	<u>1,500,500</u>	<u>2,583,890</u>
Expenses												
Salaries and wages	174,400	244,571	182,358	874,900	882,665	844,454	207,710	413,602	315,849	1,230,200	1,240,815	1,239,491
Materials, services and other	301,152	98,296	319,392	396,255	353,503	267,279	59,480	61,203	90,399	621,600	78,065	330,626
Repairs and maintenance	177,407	167,689	193,179	336,678	211,633	300,058	9,600	31,257	10,861	757,700	542,843	617,588
Contracted services, professional fees	12,500	3,500	3,986	56,120	20,304	50,966	-	-	12,500	-	-	24,196
Utilities, insurance	81,443	76,485	74,254	156,860	147,017	162,650	1,700	19,452	20,487	149,000	135,017	131,988
Rental	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	246,419	289,130	-	828,785	801,059	-	24,526	48,411	-	327,740	215,859
Loss on disposal of assets	-	1,346,974	-	-	-	-	-	-	-	-	-	-
Interest expense	62,430	30,717	35,645	-	-	-	-	-	332	-	-	-
Other	366,949	379,946	353,551	29,500	36,770	478	-	-	-	4,300	250	-
	<u>1,176,281</u>	<u>2,594,597</u>	<u>1,451,495</u>	<u>1,850,313</u>	<u>2,480,677</u>	<u>2,426,944</u>	<u>278,490</u>	<u>550,040</u>	<u>498,839</u>	<u>2,762,800</u>	<u>2,324,730</u>	<u>2,559,748</u>
Net surplus (deficit)	<u>\$ 1,048,677</u>	<u>\$ (1,046,663)</u>	<u>\$ (139,857)</u>	<u>\$ (446,312)</u>	<u>\$ (1,189,038)</u>	<u>\$ (1,214,718)</u>	<u>\$ (12,720)</u>	<u>\$ (85,277)</u>	<u>\$ (36,776)</u>	<u>\$ (1,605,128)</u>	<u>\$ (824,230)</u>	<u>\$ 24,142</u>

Beausoleil First Nation
Notes to Financial Statements

March 31, 2018

21. Segmented Information (continued)

	Lands			Emergency Services			Reserve and Other			Totals		
	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017	Budget 2018	2018	2017
Revenue												
Federal government transfers	\$ 268,081	\$ 312,581	\$ 204,817	\$ 63,024	\$ 773,024	\$ 61,919	\$ 2,875,000	\$ 33,046	\$ -	\$ 13,582,646	\$ 10,874,701	\$ 11,005,281
Provincial government transfers	84,000	84,000	84,000	1,237,431	1,232,506	1,283,409	-	-	-	4,697,472	5,088,414	4,672,619
Nookmis Trust revenue	-	-	-	-	-	-	-	-	-	4,377,577	3,379,877	3,586,147
Ontario First Nation Limited Partner	-	-	-	-	-	-	1,400,000	1,461,294	1,433,073	1,400,000	1,461,294	1,433,073
User fees	-	-	-	-	-	-	505,000	570,270	358,571	834,200	860,277	698,819
Other	32,770	39,114	46,735	3,500	5,240	3,500	2,198,318	2,079,106	1,833,675	4,509,803	4,410,137	4,123,639
	384,851	435,695	335,552	1,303,955	2,010,770	1,348,828	6,978,318	4,143,716	3,625,319	29,401,698	26,074,700	25,519,578
Expenses												
Salaries and wages	305,000	317,276	295,972	1,130,981	1,044,758	1,092,207	14,410	5,473	-	9,060,714	9,025,437	8,558,188
Materials, services and other	92,418	144,499	48,074	139,124	145,478	149,764	470,082	315,885	700,739	9,692,437	4,146,907	4,365,170
Repairs and maintenance	5,600	2,757	1,266	41,600	122,361	35,790	-	9,469	6,203	1,410,737	1,236,672	1,311,924
Contracted services, professional fees	57,898	(3,187)	31,005	4,500	42,331	4,824	53,000	8,060	31,502	367,373	289,998	714,478
Utilities, insurance	2,400	2,375	2,149	51,750	47,728	54,485	-	812	723	629,183	575,140	632,819
Rental	-	-	-	6,000	6,000	6,000	-	-	-	38,300	36,604	35,904
Amortization	-	7,253	8,585	-	80,482	94,659	-	377	377	-	1,751,477	1,670,572
Loss on disposal of assets	-	-	-	-	-	-	-	-	-	-	1,348,712	-
Interest expense	-	-	-	-	-	-	-	-	-	62,430	30,717	35,977
Other	10,000	1,723,373	43,457	-	-	-	1,062,858	560,129	705,185	6,296,705	6,957,624	5,666,994
	473,316	2,194,346	430,508	1,373,955	1,489,138	1,437,729	1,600,350	900,205	1,444,729	27,557,879	25,399,288	22,992,026
Net surplus (deficit)	\$ (88,465)	\$ (1,758,651)	\$ (94,956)	\$ (70,000)	\$ 521,632	\$ (88,901)	\$ 5,377,968	\$ 3,243,511	\$ 2,180,590	\$ 1,843,819	\$ 675,412	\$ 2,527,552

Beausoleil First Nation
Notes to Financial Statements

March 31, 2018

21. Segmented Information (continued)

	Consolidation Adjustments			Consolidated Totals		
	Budget 2018	2018	2017	Budget 2018	2018	2017
Revenue						
Federal government transfers	\$ -	\$ -	\$ -	\$ 13,582,646	\$ 10,874,701	\$ 11,005,281
Provincial government transfers	-	-	-	4,697,472	5,088,414	4,672,619
Nookmis Trust revenue	-	-	-	4,377,577	3,379,877	3,586,147
Ontario First Nation Limited Partner	-	-	-	1,400,000	1,461,294	1,433,073
User fees	-	-	-	834,200	860,277	698,819
Other	964,688	983,138	904,820	3,545,115	3,426,999	3,218,819
	<u>964,688</u>	<u>983,138</u>	<u>904,820</u>	<u>28,437,010</u>	<u>25,091,562</u>	<u>24,614,758</u>
Expenses						
Salaries and wages	-	-	-	9,060,714	9,025,437	8,558,188
Materials, services and other	964,688	983,138	904,820	8,727,749	3,163,769	3,460,350
Repairs and maintenance	-	-	-	1,410,737	1,236,672	1,311,924
Contracted services, professional fees	-	-	-	367,373	289,998	714,478
Utilities, insurance	-	-	-	629,183	575,140	632,819
Rental	-	-	-	38,300	36,604	35,904
Amortization	-	-	-	-	1,751,477	1,670,572
Loss on disposal of assets	-	-	-	-	1,348,712	-
Interest expense	-	-	-	62,430	30,717	35,977
Other	-	-	-	6,296,705	6,957,624	5,666,994
	<u>964,688</u>	<u>983,138</u>	<u>904,820</u>	<u>26,593,191</u>	<u>24,416,150</u>	<u>22,087,206</u>
Net surplus (deficit)	\$ -	\$ -	\$ -	\$ 1,843,819	\$ 675,412	\$ 2,527,552