

Beausoleil First Nation
Financial Statements
For the year ended March 31, 2019

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Management's Responsibility for the Financial Statements

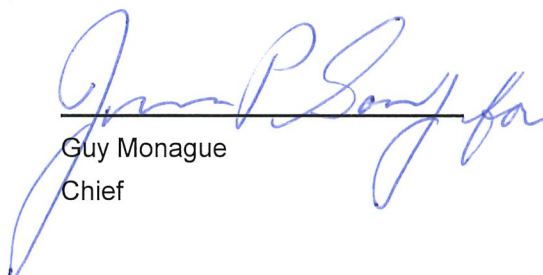
The accompanying financial statements of Beausoleil First Nation are the responsibility of management and have been approved by Chief and Council.

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.

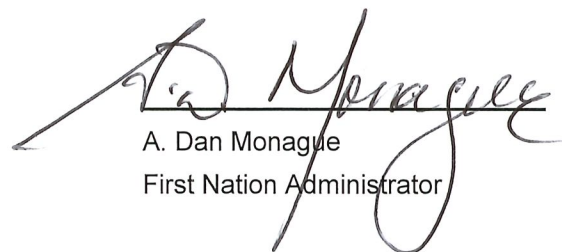
The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Beausoleil First Nation and meet when required.

On behalf of Beausoleil First Nation:



Guy Monague
Chief

July 22, 2019



A. Dan Monague
First Nation Administrator



Independent Auditor's Report

To the Members of Beausoleil First Nation

Opinion

We have audited the financial statements of Beausoleil First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

Beausoleil First Nation has also prepared another set of financial statements for the year ended March 31, 2019 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 22, 2019.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Bracebridge, Ontario
July 22, 2019

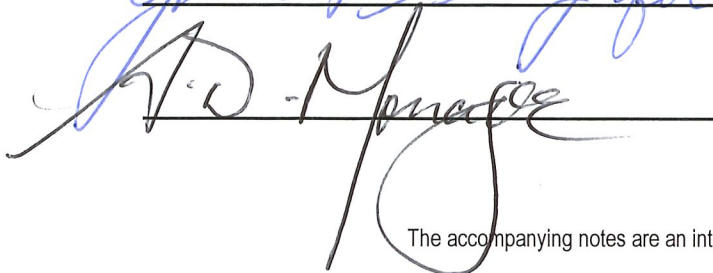
Beausoleil First Nation Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 2)	\$ 153,750,975	\$ 23,224,249
Investments (Note 3)	741,387	59,644
Trust funds held by federal government (Note 4)	64,294	59,440
Accounts receivable (Note 5)	556,663	208,377
Due from government (Note 6)	1,981,970	2,327,292
Loans receivable (Note 7)	79,510	104,126
	<u>157,174,799</u>	<u>25,983,128</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	2,125,578	2,862,614
Due to government (Note 10)	576,307	271,278
Deferred revenue (Note 11)	11,486,562	5,249,344
Long-term debt (Note 12)	1,916,481	2,077,902
Solid waste closure and post-closure liabilities (Note 13)	2,397,493	2,370,656
	<u>18,502,421</u>	<u>12,831,794</u>
Net financial assets	<u>138,672,378</u>	<u>13,151,334</u>
Non-financial assets		
Tangible capital assets (Note 15)	32,181,467	28,953,953
Prepaid expenses	99,482	226,610
	<u>32,280,949</u>	<u>29,180,563</u>
Accumulated surplus	<u>\$ 170,953,327</u>	<u>\$ 42,331,897</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

For the year ended March 31	(Note 19) Budget 2019	2019	2018
Revenue			
Federal government transfers (Note 17)	\$ 12,855,940	\$109,609,425	\$ 10,874,701
Provincial government transfers (Note 17)	7,476,463	71,578,803	5,088,414
Nookmis Trust revenue	3,889,075	6,969,274	3,379,877
Ontario First Nation Limited Partner	1,440,000	1,862,924	1,461,294
User fees	872,170	946,616	860,277
Other	16,738,807	7,884,486	3,426,999
	43,272,455	198,851,528	25,091,562
Expenses			
Administration and governance	3,323,581	50,906,384	2,905,348
Education	5,804,434	5,065,426	4,687,698
Health services	2,333,743	2,234,605	2,136,975
Social and community services	3,105,637	2,392,095	2,634,580
Housing	1,180,417	1,193,295	2,362,463
Infrastructure and community property	1,956,663	2,873,442	2,435,277
Employment and economic development	580,255	579,870	516,440
Transportation	2,196,645	2,297,176	2,210,630
Lands	428,030	402,935	2,154,696
Emergency services	1,386,326	1,525,134	1,471,838
Reserve and other	1,455,359	759,736	900,205
	23,751,090	70,230,098	24,416,150
Annual surplus	19,521,365	128,621,430	675,412
Accumulated surplus, beginning of year	42,331,897	42,331,897	41,656,485
Accumulated surplus, end of year	\$ 61,853,262	\$170,953,327	\$ 42,331,897
Segmented Information (Note 21)			

Beausoleil First Nation Statement of Change in Net Financial Assets

For the year ended March 31	(Note 19) Budget 2019	2019	2018
Annual surplus	\$ 19,521,365	\$128,621,430	\$ 675,412
Acquisition of tangible capital assets	(19,731,845)	(5,142,702)	(3,549,130)
Amortization of tangible capital assets	-	1,771,315	1,751,477
Loss (gain) on disposal of tangible capital assets	-	143,873	1,348,712
	(210,480)	125,393,916	226,471
Use (purchase) of prepaid expenses	-	127,128	(123,054)
Increase (decrease) in net financial assets	(210,480)	125,521,044	103,417
Net financial assets, beginning of year	13,151,334	13,151,334	13,047,917
Net financial assets, end of year	\$ 12,940,854	\$138,672,378	\$ 13,151,334

Beausoleil First Nation Statement of Cash Flows

For the year ended March 31	2019	2018
Operating transactions		
Annual surplus	\$ 128,621,430	\$ 675,412
Items not involving cash:		
Amortization of tangible capital assets	1,771,315	1,751,477
Accretion expense related to solid waste closure and post-closure liabilities	26,837	1,716,751
Loss (gain) on disposal of tangible capital assets	143,873	1,348,712
Changes in non-cash operating balances:		
Accounts receivable	(348,286)	272,869
Due from government	345,322	2,152,303
Prepaid expenses	127,128	(123,054)
Accounts payable and accrued liabilities	(737,036)	(31,168)
Due to government	305,029	89,015
Deferred revenue	6,237,218	370,143
Cash provided by operating transactions	<u>136,492,830</u>	<u>8,222,460</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(5,142,702)</u>	<u>(3,549,130)</u>
Investing transactions		
Decrease in investments	(681,743)	200,000
Change in funds held in trust by federal government	(4,854)	(1,236)
Loans receivable	<u>24,616</u>	<u>52,500</u>
Cash provided by investing transactions	<u>(661,981)</u>	<u>251,264</u>
Financing transaction		
Repayment of long-term debt	<u>(161,421)</u>	<u>(158,823)</u>
Increase in cash and cash equivalents	130,526,726	4,765,771
Cash and cash equivalents, beginning of year	<u>23,224,249</u>	<u>18,458,478</u>
Cash and cash equivalents, end of year	<u>\$ 153,750,975</u>	<u>\$ 23,224,249</u>

The accompanying notes are an integral part of these financial statements

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

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, 2019

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 stipulated 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, 2019

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2019	2018
Externally restricted		
CMHC replacement and operating reserves	\$ 175,938	\$ 173,241
Internally restricted		
OFNLP	3,048,503	3,377,989
Per capita distributions	18,335,910	902,294
Nookmis revenue	14,910,011	10,581,511
Unrestricted		
Operating	112,489,235	1,726,485
Other	4,791,378	6,462,729
Total cash	<u>\$ 153,750,975</u>	<u>\$ 23,224,249</u>

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, 2019	March 31, 2019	March 31, 2018	March 31, 2018
Fixed income	\$ 59,644	\$ 62,832	\$ 59,644	\$ 63,241
Shares	681,743	707,847	-	-
	<u>\$ 741,387</u>	<u>\$ 744,575</u>	<u>\$ 59,644</u>	<u>\$ 63,241</u>

The fixed income investment earns interest at a rate of 4.00% and mature in June 2021.

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

4. Trust Funds held by Federal Government

	Balance March 31, 2018	2019 Additions	2019 Withdrawals	Balance March 31, 2019
Revenue	\$ 56,596	\$ 4,854	\$ -	\$ 61,450
Capital	2,844	-	-	2,844
	\$ 59,440	\$ 4,854	\$ -	\$ 64,294

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

	2019	2018
Due from members:		
Rent	\$ 173,720	\$ 375,617
Social Housing - rent	132,952	182,790
Due from others:		
Services - non members	555,514	240,349
Nookmis	-	816
	862,186	799,572
Less impairment allowance	(305,523)	(591,195)
Total accounts receivable	\$ 556,663	\$ 208,377

6. Due from Government

	2019	2018
Federal government		
Indigenous Services Canada	\$ 682,474	\$ 572,949
Canada Mortgage and Housing Corporation	126,257	37,085
HST	281,799	297,958
Provincial government	891,440	1,419,300
	\$ 1,981,970	\$ 2,327,292

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

7. Loans Receivable

	2019	2018
Mortgages to members, bearing various rates and various repayment terms	\$ 459,941	\$ 458,752
Other loans to members, bearing various rates and various repayment terms	156,528	201,002
	616,469	659,754
Less valuation allowance	(536,959)	(555,628)
	<u>\$ 79,510</u>	<u>\$ 104,126</u>

8. Credit Facility

The First Nation has arranged for credit facilities at TD Canada Trust which include the following:

- (a) \$500,000 credit facility available to fund operating requirements, which was unutilized as of March 31, 2019 and March 31, 2018.
- (b) \$185,000 term loan to fund the installation of broadband internet services, which was unutilized as of March 31, 2019 and March 31, 2018.
- (c) \$2,000,000 credit facility to fund costs relating to the purchase of community infrastructure, which was unutilized as of March 31, 2019 and March 31, 2018.

The First Nation has arranged for credit facilities at Meridian Credit Union which include the following:

- (a) \$500,000 credit facility available to fund operating requirements, which was unutilized as of March 31, 2019.

All loans are secured by a general security agreement.

9. Accounts Payable and Accrued Liabilities

	2019	2018
Trade payables	\$ 469,886	\$ 1,135,815
Accrued salaries and benefits payable	505,362	489,662
Other accrued liabilities	164,420	334,843
Per capita distributions payable to Members	985,910	902,294
	<u>\$ 2,125,578</u>	<u>\$ 2,862,614</u>

Beausoleil First Nation
Notes to Financial Statements

March 31, 2019

10. Due to Government

	<u>2019</u>	<u>2018</u>
Federal government	\$ 353,065	\$ 110,871
Provincial government	<u>223,242</u>	<u>160,407</u>
	<u>\$ 576,307</u>	<u>\$ 271,278</u>

11. Deferred Revenue

	Balance March 31, 2018	2019 Funding Received	2019 Revenue Recognized	Balance March 31, 2019
Government:				
Federal	\$ 3,386,051	\$ 115,625,649	\$ 107,664,145	\$ 11,347,555
Provincial	1,728,571	44,763	1,728,571	<u>44,763</u>
	<u>5,114,622</u>	<u>115,670,412</u>	<u>109,392,716</u>	<u>11,392,318</u>
Other:				
Unearned fees	134,722	862,321	902,799	<u>94,244</u>
	<u>\$ 5,249,344</u>	<u>\$ 116,532,733</u>	<u>\$ 110,295,515</u>	<u>\$ 11,486,562</u>

Beausoleil First Nation
Notes to Financial Statements

March 31, 2019

12. Long-term Debt

	<u>2019</u>	<u>2018</u>
Mortgage payable \$1,293 monthly including principal and interest, bearing interest at 0.94% per annum due September 2020	\$ 23,093	\$ 38,309
Mortgage payable \$1,789 monthly including principal and interest, bearing interest at 1.43% per annum due April 2022	162,231	181,240
Mortgage payable \$6,044 monthly including principal and interest, bearing interest at 2.14% per annum due March 2024 and thereafter	343,681	408,321
Mortgage payable \$3,896 monthly including principal and interest, bearing interest at 1.43% per annum due April 2022	741,734	777,626
Mortgage payable \$2,815 monthly including principal and interest, bearing interest at 1.08% per annum due August 2020	645,742	672,406
	<u>\$ 1,916,481</u>	<u>\$ 2,077,902</u>

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

Year	Amount
2020	\$ 163,806
2021	158,697
2022	153,525
2023	156,133
2024	158,789
Thereafter	<u>1,125,531</u>
	<u>\$ 1,916,481</u>

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

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 \$2,397,493 (2018 - \$2,370,656) and reflects a discount rate of 3.7% (2018 – 3.3%). The estimated total expenditures for landfill closure costs are approximately \$2,181,066 with annual post-closure care costs of approximately \$14,586 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, 2019, 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 ISC when incurred at a future date.

14. Pension Plan

The First Nation makes contributions to the Canada Life Insurance 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 \$197,826 (2018 - \$200,511) 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.

March 31, 2019

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

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

	2019	2018
Federal government transfers		
Operating:		
Indigenous Services Canada:		
Fixed contribution	\$ 13,733,655	\$ 6,787,887
Flexible contribution	416,399	1,096,772
Grant	369,688	464,883
Set contribution	127,975	966,011
Grant - Williams Treaties Settlement	99,360,000	-
Change in deferred balances	(8,960,888)	(497,276)
Change in prior years' accrued amounts	(143,527)	5,585
Health Canada	1,114,246	1,215,488
Canada Mortgage and Housing Corporation	285,695	154,858
Other	3,306,182	680,494
Total federal government transfers	<u>109,609,425</u>	<u>10,874,702</u>
Provincial government transfers		
Operating	5,338,803	5,088,414
Williams Treaties Settlement	66,240,000	-
Total provincial government transfers	<u>71,578,803</u>	<u>5,088,414</u>
Total government transfers	<u>\$181,188,228</u>	<u>\$ 15,963,116</u>

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

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 Mnissing 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 Mnissing 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, 2018. Supplemental financial information is as follows:

	<u>2018</u>	<u>2017</u>
Financial assets	\$ 78,050,303	\$ 81,820,343
Financial liabilities	6,602,274	3,408,297
Trust equity	<u>\$ 71,448,029</u>	<u>\$ 78,412,046</u>
Revenue	\$ 7,184,511	\$ 4,034,256
Expenses	594,214	637,937
Surplus from operations	<u>\$ 6,590,297</u>	<u>\$ 3,396,319</u>

Beausoleil First Nation Notes to Financial Statements

March 31, 2019

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>2019</u>
Financial Plan/Budget deficit for the year	\$ (371,900)
Add:	
Capital expenditures	19,731,845
Principal payments toward long-term debt	<u>161,420</u>
Budget deficit per statement of operations	<u>\$ 19,521,365</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.

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 \$2,924,906.

Subsequent to year end, the First Nation has entered into an agreement for the New Ferry Project Manager with a contract price of \$366,400.

Subsequent to year end, the First Nation has entered into an agreement to complete the Community Rink and Events Centre with a contract price of \$1,670,000.

Beausoleil First Nation

Notes to Financial Statements

March 31, 2019

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, 2019

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 Indigenous Services 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, 2019

21. Segmented Information (continued)

	Administration and Governance			Education			Health Services			Social and Community Services		
	Budget 2019	2019	2018	Budget 2019	2019	2018	Budget 2019	2019	2018	Budget 2019	2019	2018
Revenue												
Federal government transfers	\$ 635,441	\$ 100,237,793	\$ 878,406	\$ 557,714	\$ 556,996	\$ 3,486,697	\$ 1,236,236	\$ 1,194,174	\$ 1,273,411	\$ 506,660	\$ 319,165	\$ 604,582
Provincial government transfers	-	66,260,022	(803)	784,869	699,369	515,569	430,355	435,849	350,150	2,516,062	2,489,891	2,368,422
Nookmis Trust revenue	3,889,075	6,969,274	3,379,877	-	-	-	-	-	-	-	-	-
Ontario First Nation Limited Partner	-	-	-	-	-	-	-	-	-	-	-	-
User fees	-	-	-	18,320	20,320	18,320	-	-	-	-	-	-
Other	998,644	1,544,696	828,013	3,878,562	3,976,629	326,731	503,352	598,001	476,973	156,049	168,289	173,335
	5,523,160	175,011,785	5,085,493	5,239,465	5,253,314	4,347,317	2,169,943	2,228,024	2,100,534	3,178,771	2,977,345	3,146,339
Expenses												
Salaries and wages	1,219,720	1,190,673	1,322,879	2,378,000	2,024,404	1,785,048	1,625,500	1,325,573	1,295,871	658,400	423,900	472,479
Materials, services and other	1,000,271	473,557	440,263	1,620,250	1,248,870	1,284,883	660,768	689,956	666,169	803,640	520,026	558,663
Repairs and maintenance	16,500	30,151	16,180	188,343	175,355	82,462	13,000	110,181	48,914	350	2,930	1,107
Contracted services, professional fees	105,535	139,461	146,218	25,500	30,397	13,904	64,150	47,384	55,208	12,500	53,269	3,660
Utilities, insurance	32,775	26,756	30,107	67,169	61,710	62,359	43,525	41,592	46,667	11,017	4,640	7,121
Rental	-	-	-	-	-	700	17,900	20,904	17,904	36,000	12,000	12,000
Amortization	-	45,632	43,794	-	107,265	104,692	-	82,859	85,158	-	3,738	2,251
Loss on disposal of assets	-	-	-	-	-	-	-	927	-	-	-	-
Interest expense	-	345	1,738	-	-	-	-	-	-	-	-	-
Williams Treaties Settlement	-	-	-	-	-	-	-	-	-	-	-	-
Distributions	-	48,150,000	-	-	-	-	-	-	-	-	-	-
Other	948,780	849,809	906,669	1,985,205	1,877,458	1,703,454	10,100	16,429	8,234	1,676,480	1,486,731	1,638,799
	3,323,581	50,906,384	2,907,848	6,264,467	5,525,459	5,037,502	2,434,943	2,335,805	2,224,125	3,198,367	2,507,234	2,696,080
Net surplus (deficit)	\$ 2,199,579	\$ 124,105,401	\$ 2,177,645	\$ (1,025,002)	\$ (272,145)	\$ (690,185)	\$ (285,000)	\$ (107,781)	\$ (123,591)	\$ (19,616)	\$ 470,111	\$ 450,259

Beausoleil First Nation

Notes to Financial Statements

March 31, 2019

21. Segmented Information (continued)

	Lands		Emergency Services		Reserve and Other		Totals	
	Budget 2019	2018	Budget 2019	2018	Budget 2019	2018	Budget 2019	2018
Revenue								
Federal government transfers	\$ 370,976	\$ 312,581	\$ 64,013	\$ 773,024	\$ 2,003,727	\$ 2,857,143	\$ 12,855,940	\$ 10,874,701
Provincial government transfers	90,000	84,000	1,266,213	1,232,506	-	-	7,476,463	5,088,414
Nookmis Trust revenue	-	-	-	-	-	-	3,889,075	3,379,877
Ontario First Nation Limited Partner	-	-	-	-	1,440,000	1,862,924	1,440,000	1,461,294
User fees	-	-	-	-	514,000	578,476	872,170	860,277
Other	41,544	39,114	3,500	5,240	2,183,602	1,736,681	17,885,184	4,410,137
	502,520	483,934	1,333,726	2,010,770	6,141,329	7,035,224	44,418,832	26,074,700
Expenses								
Salaries and wages	251,700	317,276	1,144,876	1,044,758	32,328	32,679	10,170,224	9,025,437
Materials, services and other	191,430	144,499	159,100	145,478	347,882	275,431	6,074,757	4,167,121
Repairs and maintenance	2,000	2,757	41,600	122,361	-	17,200	1,598,210	1,236,672
Contracted services, professional fees	3,590	(3,187)	4,500	42,331	10,500	6,620	256,175	269,784
Utilities, insurance	2,000	2,375	47,650	47,728	1,000	378	616,918	575,140
Rental	-	-	6,000	6,000	-	-	59,900	36,604
Amortization	-	7,253	-	80,482	-	377	-	1,751,477
Loss on disposal of assets	-	-	-	-	-	-	-	1,348,712
Interest expense	-	-	-	-	-	-	80,969	30,717
Williams Treaties Settlement	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-
Other	6,800	1,723,373	-	-	1,063,649	427,051	6,040,314	4,898,586
	457,520	432,425	1,403,726	1,489,138	1,455,359	759,736	24,897,467	25,399,288
Net surplus (deficit)	\$ 45,000	\$ 51,509	\$ (70,000)	\$ 521,632	\$ 4,685,970	\$ 6,275,488	\$ 19,521,365	\$ 128,621,430
							\$	\$

March 31, 2019

21. Segmented Information (continued)

	Consolidation Adjustments			Consolidated Totals		
	Budget 2019	2019	2018	Budget 2019	2019	2018
Revenue						
Federal government transfers	\$ -	\$ -	\$ -	\$ 12,855,940	\$ 109,609,425	\$ 10,874,701
Provincial government transfers	-	-	-	7,476,463	71,578,803	5,088,414
Nookmis Trust revenue	-	-	-	3,889,075	6,969,274	3,379,877
Ontario First Nation Limited Partner	-	-	-	1,440,000	1,862,924	1,461,294
User fees	-	-	-	872,170	946,616	860,277
Other	1,146,377	1,176,766	983,138	16,738,807	7,884,486	3,426,999
	<u>1,146,377</u>	<u>1,176,766</u>	<u>983,138</u>	<u>43,272,455</u>	<u>198,851,528</u>	<u>25,091,562</u>
Expenses						
Salaries and wages	-	-	-	10,170,224	9,301,480	9,025,437
Materials, services and other	1,146,377	1,176,766	983,138	4,928,380	3,601,952	3,183,983
Repairs and maintenance	-	-	-	1,598,210	1,316,711	1,236,672
Contracted services, professional fees	-	-	-	256,175	412,914	269,784
Utilities, insurance	-	-	-	616,918	566,124	575,140
Rental	-	-	-	59,900	38,904	36,604
Amortization	-	-	-	-	1,771,315	1,751,477
Loss on disposal of assets	-	-	-	-	143,873	1,348,712
Interest expense	-	-	-	80,969	28,239	30,717
Williams Treaties Settlement	-	-	-	-	-	-
Distributions	-	-	-	-	48,150,000	-
Other	-	-	-	6,040,314	4,898,586	6,957,624
	<u>1,146,377</u>	<u>1,176,766</u>	<u>983,138</u>	<u>23,751,090</u>	<u>70,230,098</u>	<u>24,416,150</u>
Net surplus (deficit)	\$ -	\$ -	\$ -	\$ 19,521,365	\$ 128,621,430	\$ 675,412