

**Bearskin Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2016**

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**Bearskin Lake First Nation
Consolidated Financial Statements
For the year ended March 31, 2016**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Bearskin Lake First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of the Band.

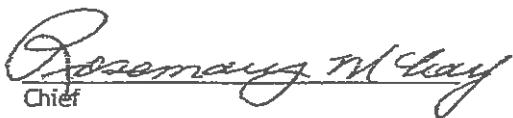
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

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

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. BDO Canada LLP has full access to the Band Council.


Rosemary May
Chief


Lew Keweenaw
Band Manager

Independent Auditors' Report

To the Members of Bearskin Lake First Nation

We have audited the accompanying consolidated financial statements of Bearskin Lake First Nation which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of revenue and expenses and fund balance, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Basis for Qualification

As discussed in the Significant Accounting Policies, the Bearskin Lake Economic Development Corporation, Wellington Group of Companies, and the Wasaya Group of Companies and Limited Liability Partnerships have been included in the government reporting entity. These organizations have not been subject to audit. We do not know whether there would be any adjustments to the assets, liabilities, surplus, revenue or expenses of the consolidated financial statements, had we audited these financial statements, and we express no opinion on the value of the investment in the government partnership.

Our audit opinion for the year ended March 31, 2015, was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of matter described in the Basis for Qualification paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Bearskin Lake First Nation as at March 31, 2016, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting principles.

A handwritten signature in black ink that reads 'BDO Canada LLP'.

Chartered Professional Accountants, Licensed Public Accountants

Dryden, Ontario
September 22, 2016

Bearskin Lake First Nation
Consolidated Statement of Financial Position

March 31

	2016	2015
Financial assets		
Bank (Note 1)		
Accounts receivable (Note 2)	\$ 1,076,059	\$ 1,212,506
Loans and advances (Note 3)	892,945	715,012
Inventory for resale (Note 4)	58,398	42,942
Long-term investments (Note 5)	837,217	995,193
Investment in government business partnerships (Note 6)	1	1
Trust funds held by federal government (Note 13)	243,807	268,376
	<u>68,362</u>	<u>66,942</u>
	<u>3,176,789</u>	<u>3,300,972</u>
Financial liabilities		
Bank indebtedness (Note 7)		
Accounts payable and accrued liabilities (Note 8)	4,473,382	4,865,324
Deferred revenue and government transfers (Note 9)	1,612,169	1,260,369
Long-term debt (Note 10)	228,196	195,609
	<u>390,678</u>	<u>483,272</u>
	<u>6,704,425</u>	<u>6,804,574</u>
Net financial assets (debt)		
	(3,527,636)	(3,503,602)
Non-financial assets		
Tangible capital assets (Note 11)		
	<u>20,446,965</u>	<u>21,273,299</u>
Accumulated surplus (Note 12)		
	\$ 16,919,329	\$ 17,769,697

Approved on behalf of the First Nation :

Rosemary M. Day Chief

Lawrence K. Kowaruk First Nation Administrator

Bearskin Lake First Nation
Consolidated Statement of Revenue and Expenses and Fund Balance

For the year ended March 31	Budget 2016	Actual 2016	Actual 2015
Revenue			
Aboriginal Affairs and Northern Development Canada (Note 18)	\$ 4,811,172	\$ 4,811,172	\$ 4,723,555
Canada Mortgage and Housing Corporation	71,107	70,856	74,571
Ontario First Nation Limited Partnership	975,516	975,516	971,488
Hydro One	128,327	76,405	72,111
Ministry of Transportation	181,486	175,748	76,439
Ministry of Health	129,357	129,357	128,524
Ministry of Aboriginal Affairs	301,500	301,500	90,000
Ministry of Northern Development and Mines	151,421	151,421	151,421
Ministry of Community and Social Services	536,969	536,969	457,866
Ministry of Education	367,434	367,434	366,538
Ministry of Natural Resources	75,500	-	-
Canada Post Corporation	829,184	828,824	871,952
Sioux Lookout Area Aboriginal Management Board	150,585	150,585	170,710
Health Canada (Note 19)	1,299,053	1,288,053	1,273,996
Northern Nishnawbe Education Council	49,038	53,496	33,876
Nishnawbe Aski Nation	109,540	111,012	103,679
Nishnawbe Aski Nation - Policing	23,594	23,594	19,087
Tikinagan	32,400	46,800	46,800
Transfer from Deferred Revenue	195,609	195,609	480,028
Transfer to Deferred Revenue	(198,250)	(228,196)	(195,609)
Other	943,914	2,962,122	4,004,442
Income (loss) of Wellington Group of Companies	-	(24,569)	125
Write-off of Aatawehike Fire Services Ltd.	-	-	(13,103)
Prior year funding adjustment	-	(6,177)	(8,627)
Related party transaction elimination (Note 16)	(1,604,562)	(648,020)	(575,443)
	9,484,394	12,425,011	13,324,426
Expenses			
Band Fund	4,094,576	3,289,006	3,342,086
School Renovations	-	-	2,769
Day Care	558,283	558,883	552,511
Capital	822,790	427,990	191,820
Welfare	755,072	895,533	782,837
Education	1,673,305	1,654,096	1,710,832
Operation and Maintenance	3,080,705	2,968,742	3,292,579
General Fund	2,902,447	371,557	398,740
Economic Development Corporation	97,890	2,127,298	3,053,465
Health Authority	1,638,985	1,630,294	1,450,966
BMO Loans	-	-	5,730
Related party transaction elimination (Note 16)	(1,604,562)	(648,020)	(575,443)
	14,019,491	13,275,379	14,208,892
Deficiency of revenue over expenses for the year	(4,535,097)	(850,368)	(884,466)
Accumulated surplus, beginning of year	-	17,769,697	18,654,163
Accumulated surplus, end of year	\$ (4,535,097)	\$ 16,919,329	\$ 17,769,697

Bearskin Lake First Nation
Consolidated Statement of Change in Net Debt

For the year ended March 31	Budget 2016	Actual 2016	Actual 2015
Annual deficit	\$ (4,535,097)	\$ (850,368)	\$ (884,466)
Acquisition of tangible capital assets	(2,439,883)	(1,693,125)	(1,590,615)
Amortization of tangible capital assets	2,545,783	2,519,459	2,539,758
	<hr/> <u>(4,429,197)</u>	<hr/> <u>(24,034)</u>	<hr/> <u>64,677</u>
Use of non-financial assets	-	-	70,772
Net change in net financial assets (debt)	(4,429,197)	(24,034)	135,449
Net debt, beginning of year	-	<u>(3,503,602)</u>	<u>(3,639,051)</u>
Net debt, end of year	<u>\$ (4,429,197)</u>	<u>\$ (3,527,636)</u>	<u>\$ (3,503,602)</u>

Bearskin Lake First Nation
Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	\$ (850,368)	\$ (884,466)
Item not involving cash		
Amortization	2,519,459	2,539,758
Changes in non-cash working capital balances		
Accounts receivable	(177,933)	948,161
Loans and advances	(15,456)	(17,450)
Inventory for resale	157,976	250,276
Accounts payable	351,800	(820,372)
Deferred revenue	32,587	(284,419)
Inventory held for use	70,772	
	<u>2,018,065</u>	<u>1,802,260</u>
Capital activities		
Purchase of capital assets	(1,693,125)	(1,590,615)
Investing activities		
Decrease in long-term investments	-	13,105
Decrease (increase) in investment in Wellington Group of Companies	24,569	(125)
	<u>24,569</u>	<u>12,980</u>
Financing activities		
Repayment of long-term debt	(92,594)	(95,328)
Increase in short-term investment	(1,420)	(66,942)
	<u>(94,014)</u>	<u>(162,270)</u>
Increase in cash during the year	255,495	62,355
Bank deficiency, beginning of year	(3,652,818)	(3,715,173)
Bank deficiency, end of year	\$ (3,397,323)	\$ (3,652,818)
Represented by:		
Bank	\$ 1,076,059	\$ 1,212,506
Bank indebtedness	(4,473,382)	(4,865,324)
	<u>\$ (3,397,323)</u>	<u>\$ (3,652,818)</u>

Bearskin Lake First Nation Summary of Significant Accounting Policies

March 31, 2016

Basis of Presentation	These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting standards for governments, as defined by the Public Sector Accounting Board.								
Fund Accounting	Bearskin Lake First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund or program established by legal, contractual or voluntary obligations. Within each program the First Nation maintains operating, capital, and trust funds as applicable. The various funds have been consolidated for the purpose of presentation in the consolidated financial statements of which all inter-fund balances have been eliminated.								
Inventory for Resale	Inventory of supplies and goods available for resale are recorded at the lower of cost and net realizable value.								
Long-term Investments	Shares and partnership interests are recorded at cost. If there has been a permanent decline in the value of these investments, it is written down to its net realizable value.								
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 of these assets is recorded on a straight-line basis commencing in the year of acquisition or construction as follows:								
	<table><tbody><tr><td>Linear Assets</td><td>5% - 30%</td></tr><tr><td>Building</td><td>5%</td></tr><tr><td>Vehicles</td><td>30%</td></tr><tr><td>Equipment</td><td>5% - 30%</td></tr></tbody></table>	Linear Assets	5% - 30%	Building	5%	Vehicles	30%	Equipment	5% - 30%
Linear Assets	5% - 30%								
Building	5%								
Vehicles	30%								
Equipment	5% - 30%								
	Assets under construction are not amortized until the asset is available to be put into service.								
Inventory Held for Use	Inventory of supplies held for consumption are recorded at the lower of cost and replacement cost.								

Bearskin Lake First Nation Summary of Significant Accounting Policies

March 31, 2016

Revenue Recognition Revenues are recognized in the period in which the transaction or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Grant revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements which relate to a subsequent fiscal period is reflected as incomplete projects in the year of receipt and classified as incomplete projects on the consolidated statement of cash flows.

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 revenue and expenses and fund balance as the stipulation liabilities are settled.

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

Rental and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonably assured.

Sale of goods and other revenue from services provided is recognized when title passes to the buyer and/or when services have been rendered and the transaction can be reasonably assured.

Bearskin Lake First Nation Summary of Significant Accounting Policies

March 31, 2016

Reporting Entity and Principles of Financial Reporting Bearskin Lake First Nation reporting entity includes Bearskin Lake First Nation government and related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

Bearskin Lake Economic Development Corporation
Bearskin Lake Cable
Bearskin Petro Products Ltd.
Michikan Lake Business Centre Inc.

A government business partnership exists where the First Nation has shared control over the board or entity. The First Nation's pro rata share of the assets, liabilities, and revenue and expenses are reflected in the consolidated financial statements using the modified equity method. The First Nation's proportionate interest of the following government business partnership is reflected in the consolidated financial statements:

Wellington Group of Companies - 50%

Deferred Revenue Deferred revenue represents unspent accountable contributions for programs which are not completed at the year end. The unspent revenue is carried forward to be matched with additional expenses to be incurred in the subsequent year.

Use of Estimates The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

1. Bank

	<u>2016</u>	<u>2015</u>
Administration	\$ 52,998	\$ -
Apartment	11,361	11,361
Canada Post	53,977	56,237
Capital Projects	305,065	155,731
Capital Projects - Upgrade	2,134	2,134
Casino Rama	54,817	105,874
CMHC Rental	26,694	628
CMHC Replacement Reserve	16,094	31,216
Construction	-	200,000
Day Care	37,745	59,435
Economic Development Centre	197,811	244,816
Education	55,951	101,212
Environmental Remediation	60,353	6,228
Operations and Maintenance	16,102	-
Makoop Lake	705	705
New School Construction	290	290
Nursing Station Addition	312	312
Insurance	100	104,852
Seniors' Complex	27,197	954
Seniors' Reserve	7,091	7,091
Soil Remediation	5,700	5,700
Welfare	143,163	117,331
Youth Centre	399	399
	<hr/>	<hr/>
	<u>\$ 1,076,059</u>	<u>\$ 1,212,506</u>

The First Nation is, in the normal course of operations, exposed to credit risk from having account balances over the amounts insured by the Canadian Deposit Insurance Corporation.

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

2. Accounts Receivable

	2016	2015
Administration		
Receiver General - HST	\$ 65,882	\$ 58,784
Aboriginal Affairs and Northern Development Canada	3,496	3,496
Ministry of Transportation - Airport	4,161	3,891
Estimated HST receivable	164,671	
Health Canada	650	650
Ministry of Northern Development and Mines		37,855
Bearskin Lake Economic Development Corporation	333	333
Makop Lake Tourism Project	1,200	1,200
Nishnawbe Aski Police Service	6,198	6,198
Nishnawbe Aski Nation	1,000	36,210
Muskrat Dam First Nation	27,178	27,178
Other	6,707	8,974
Wasaya Manow Inc.	717	717
Sioux Lookout Area Aboriginal Management Board	5,715	
Windigo First Nations Council	8,615	8,615
Allowance for doubtful accounts	(53,528)	(26,517)
	<u>242,995</u>	<u>167,584</u>
Education		
Windigo Education	20,830	
Kewaytinook Okimakanak	2,000	2,000
Northern Nishnawbe Education Council		5,646
Tikinagan	9,500	9,500
Other	(555)	145
Allowance for doubtful accounts	(11,780)	(11,780)
	<u>19,995</u>	<u>5,511</u>
Operation and Maintenance		
Amason Industries	24,564	
Bearskin Lake Economic Development Corporation	19,315	19,315
Bearskin Co-Op		1,061
Kewatinook Okimakanak	4,000	4,000
Aboriginal Affairs and Northern Development Canada	9,000	9,000
Clow Darling	6,276	6,276
Brooklin Electric	5,787	5,787
Other	11,605	11,896
Windigo Education Authority	14,250	14,250
Allowance for doubtful accounts	(39,215)	(38,662)
	<u>55,582</u>	<u>32,923</u>
Makop Lake		
Roger McKay	176	176
Thomas Beardy	176	176
	<u>352</u>	<u>352</u>
Sub-total carried forward	318,924	206,370

**Bearskin Lake First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

2. Accounts Receivable (continued)	2016	2015
Sub-total brought forward	318,924	206,370
Welfare		
Aboriginal Affairs and Northern Development Canada	160	1,049
Province of Ontario	29,305	24,503
Other	(716)	(716)
Bearskin Lake Ogass Masters	2,702	2,702
Bearskin Lake Economic Development Corporation	39,772	39,772
Allowance for doubtful accounts	<u>(2,245)</u>	<u>(2,145)</u>
	68,978	65,165
Day Care		
Sioux Lookout Area Aboriginal Management Board	35,113	31,227
Bearskin Lake Economic Development Corporation	11,808	-
Other	5,477	5,268
Allowance for doubtful accounts	<u>(3,391)</u>	<u>(3,391)</u>
	49,007	33,104
Capital		
Aboriginal Affairs and Northern Development Canada	14,958	256,434
Other	310	310
Allowance for doubtful accounts	<u>-</u>	<u>(86)</u>
	15,268	256,658
Economic Development Corporation		
Trade	276,683	176,936
Casino Rama		
Bearskin Petro Products Ltd.	825,622	316,836
Makop Lake Lodge	5,240	5,240
Money Held in Trust	<u>52,506</u>	<u>51,890</u>
	883,368	373,966
Canada Mortgage and Housing Corporation		
	3,363	3,363
BMO Loans		
Bearskin Petro Products Ltd.	41,841	811,930
Canada Post		
Bearskin Co-op	429	1,093
Health Authority		
Health Canada	76,267	-
NAN Corporate Services	64,078	-
Sioux Lookout First Nations Health Authority	30,000	-
Other	6,928	2,776
	177,273	2,776
Seniors' Complex		
	2,542	2,624
	1,837,676	1,933,985
Inter-entity elimination	<u>(944,731)</u>	<u>(1,218,973)</u>
	<u>\$ 892,945</u>	<u>\$ 715,012</u>

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

3. Loans and Advances

	2016	2015
Administration		
Abel Hudson	\$ 175	\$ 175
Agnes Kamenawatamin	75	75
Geoffrey Beardy	330	-
Joseph Beardy	95	-
Bernard Mekanak	405	405
Betsy Fox	150	150
Cecilia Fiddler	4,513	4,513
Christian Assembly Church	600	600
Christopher Fox	300	300
Clarence McKay	75	75
Coralee Pans	225	225
Danny Mekanak	150	150
Gary Kamenawatamin	268	-
Eddie Brown	196	196
Edna Fox	75	75
Emily McKay	200	200
Eric Peters	579	579
Charles Brown	116	116
Florence McKay	525	525
Galitus Fiddler	445	445
George Chapman	1,721	1,721
George Kamenawatamin	9,378	8,404
Glen Mekanak	75	75
Illa Beardy	75	75
Jeanette Peters	75	75
Jimmy Hudson	75	75
Joseph Nothing	354	354
Joyce McKay	3,681	3,681
Julie McKay	83	83
Edward Fiddler	534	-
Katie Nothing	171	171
Kirsten Chapman	300	300
Lawrence McKay	75	75
Vincent Ostberg	244	-
Leonard Brown	5,418	3,503
Leona Beardy	576	576
Levi Fox	-	1,475
Louie Fox	763	763
Melvin Delorme	354	354
Michikan Lake School	1,549	1,549
Tyler McKoop	100	100
Nora Fox	75	75
Patsy Kamenawatamin	96	96
Peter McKay	555	555
Randy McKay	3,622	2,707
Richard McKay	629	629
Rebecca Kakekagumick	75	75
Richard Moskotaywenene	123	123
Robert Beardy	308	308
Robert Kamenawatamin	4,109	2,322
Robert Moskotaywenene	-	471
Rosemary McKay	18	(2,228)
Roy Brown	2	2
Samuel Mekanak	106	106
 Sub-total carried forward	 44,816	 37,454

Bearskin Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2016

3. Loans and Advances (continued)	2016	2015
Sub-total brought forward	44,816	37,454
Samantha Mekanak	75	75
Sarah Beardy Jr.	273	273
Selma Mosquito	75	75
Shady Beardy	1,168	1,168
Shawn Kamenawatamin	75	75
Stuart Kamenawatamin	80	80
Steven Chapman	75	75
Tommy Fiddler	1,130	1,130
Tom Kamenawatamin	-	(57)
Stewart Kamenawatamin	2,075	
Walter McKay	75	75
Wesley Nothing	912	912
William Mekanak	75	75
Valina Kamenawatamin	300	300
Less: Allowance for Doubtful Accounts	(21,233)	(13,391)
	29,971	28,319
 Operation and Maintenance		
David Mekanak	2,344	
Henry McKay	553	553
Lenny Mekanak	10,512	6,811
Lyn Mekanak	1,725	
Moses Loon	1,282	
Lance Trimble	760	
Lawrence McKay	122	122
Sameul Makanak	2,134	
Melvin Delorme	(114)	(114)
Percy Mekanak	9,046	7,741
Simeon McKay	(276)	(276)
Allowance for Doubtful Accounts	-	(553)
	28,088	14,284
 Welfare		
Caleb Beardy	333	333
Sally Beardy	100	100
Terry Beardy	217	217
Lydia Cutfeet	47	47
Cecilia Fiddler	100	100
Galius Fiddler	616	616
George Fox	741	741
Sally Keeash	100	100
Harriet McKay	(100)	
Emily Moskotaywenene	400	400
Rachel Fox	100	100
Robert Beardy	200	200
Gladys Mekanak	150	150
Glen Mekanak	(1)	(1)
Gretta Moskotaywenene	(1)	(1)
Less: Allowance for Doubtful Accounts	(3,002)	(3,102)
	-	-
 Sub-total carried forward	58,059	42,603

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

3. Loans and Advances (continued)	2016	2015
Sub-total brought forward	<u>58,059</u>	<u>42,603</u>
Makoop Lake		
Eddie Brown	190	190
Leon Kamenawatamin	<u>149</u>	<u>149</u>
	<u>339</u>	<u>339</u>
	<u><u>\$ 58,398</u></u>	<u><u>\$ 42,942</u></u>

4. Inventory for Resale

	2016	2015
Bearskin Lake Economic Development Corporation - fuel inventory	<u>\$ 837,217</u>	<u>\$ 995,193</u>

5. Long-term Investments

	2016	2015
1490342 Ontario Limited (1 common share)	<u>\$ 1</u>	<u>\$ 1</u>

Due to the financial difficulties facing the Wasaya Leasing Corporation, a valuation allowance has been accrued for the total balance as amounts are not likely to be recovered.

Bearskin Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2016

6. Investment in Government Business Partnerships

	2016	2015
Equity in Wellington Group of Companies	<u>\$ 243,807</u>	<u>\$ 268,376</u>

The Wellington Group of Companies (Wellington Limited Partnership, Wellington General Partner Ltd., Wellington Leasing Corporation) is owned jointly by Bearskin Lake First Nation and Muskrat Dam First Nation. Since both First Nations share control of operations, the investment has been accounted for as a government business partnership on a modified equity basis in these consolidated financial statements. The following information provides condensed supplementary information for the corporation for the year ended December 31, 2015.

I) Financial Position (NOT SUBJECT TO AUDIT)	2015	2014
	Total	Total
Current assets	\$ 460,512	\$ 473,489
Capital assets	<u>301,156</u>	<u>316,193</u>
	<u>\$ 761,668</u>	<u>\$ 789,682</u>
Current liabilities	<u>\$ 338,700</u>	<u>\$ 317,577</u>
Share capital	100	100
Retained earnings and partners' equity	<u>422,868</u>	<u>472,005</u>
	<u>422,968</u>	<u>472,105</u>
	<u>\$ 761,668</u>	<u>\$ 789,682</u>
II) Results of Operations and Retained Earnings (NOT SUBJECT TO AUDIT)	2015	2014
	Total	Total
Revenue	\$ 5,238,872	\$ 5,233,309
Expenses	<u>5,238,009</u>	<u>5,233,059</u>
	863	250
Dividends, purchased premiums and adjustments	(50,000)	-
Retained earnings, beginning of year	<u>472,005</u>	<u>471,755</u>
Retained earnings, end of year	<u>\$ 422,868</u>	<u>\$ 472,005</u>

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

7. Bank Indebtedness

		2016	2015
Administration Operating Account	\$ -	\$ 47,387	
Health Authority	34,780	32,365	
Operations and Maintenance Operating Account	-	49,370	
BMO General Account #1998-607 - interest payable monthly at prime plus 2.00%	250,733	251,007	
BMO Construction Credit Facility - repayable in monthly instalments of \$18,889 plus interest at prime plus 2.00%; due 2029	2,927,778	3,154,445	
BMO Payout - repayable in monthly instalments of \$14,167 plus interest at prime plus 2.25%; due 2018	396,667	566,667	
BMO Housing Loan - repayable in monthly instalments of \$1,944 plus interest at prime plus 2.00%; due 2031	332,424	-	
BMO Fuel Loan #2 - repayable in monthly instalments of \$26,211 plus interest at prime plus 2.25%; due 2017	288,320	-	
BMO Fuel Loan #2 - repayable in monthly instalments of \$2,171 plus interest at prime plus 2.25%; due 2017	23,883	-	
BMO Fuel Loan #3 - repayable in monthly instalments of \$19,891 plus interest at prime plus 2.25%; due 2017	218,797	-	
BMO Fuel Payout #1 - repayable in monthly instalments of \$97,710 plus interest at prime plus 2.25%	-	114,164	
BMO Fuel Payout #2 - repayable in monthly instalments of \$29,167 plus interest at prime plus 2.25%	-	155,499	
BMO Fuel Payout #3 - repayable in monthly instalments of \$18,322 plus interest at prime plus 2.25%	-	201,537	
BMO Fuel Payout #4 - repayable in monthly instalments of \$18,020 plus interest at prime plus 2.25%	-	216,234	
BMO Fuel Payout #5 - repayable in monthly instalments of \$6,387 plus interest at prime plus 2.25%	-	76,649	
	<hr/>	<hr/>	<hr/>
	\$ 4,473,382	\$ 4,865,324	

The First Nation has an operating line of credit for their General account. At year end, the balance exceeded the maximum allowable amount of \$250,000. The BMO General account and demand loans are secured by Band Council Resolution.

Bearskin Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2016

8. Accounts Payable and Accrued Liabilities

	2016	2015
Administration	\$ 993,507	\$ 726,388
Apartment	10,454	10,454
Capital Projects	60,318	73,651
Casino Rama	7,983	605
Canada Post	133	633
CMHC Rentals	157	358
Day Care	22,968	16,096
Education	104,680	81,390
Health Authority	112,002	68,563
Environmental Remediation	26,160	59
Makoop Lake	3,776	3,776
New School Construction	(355)	(355)
Operation and Maintenance	155,808	267,969
Seniors' Complex	1,373	1,665
Soil Remediation	5,253	5,253
BMO Loans	8,988	8,988
Welfare	77,818	85,167
Bearskin Lake Economic Development		
Corporation	197,750	132,778
Inter-entity Payables	(176,604)	(223,069)
	<hr/>	<hr/>
	\$ 1,612,169	\$ 1,260,369

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

9. Deferred Revenue and Government Transfers

	Balance March 31 2015	Funding Received 2016	Revenue Recognized 2016	Balance March 31 2016
Federal Government				
Aboriginal Affairs and Northern Development Canada	\$ 15,000	\$ 4,811,172	\$ 4,753,155	\$ 73,017
National Health and Welfare Canada	-	1,288,053	1,288,053	-
Canada Mortgage and Housing Corporation	-	70,856	70,856	-
	<hr/> 15,000	<hr/> 6,170,081	<hr/> 6,112,064	<hr/> 73,017
Provincial Government				
Ministry of Community and Social Services	-	536,969	536,969	-
Ministry of Aboriginal Affairs	-	301,500	266,500	35,000
Ministry of Health	-	129,357	129,357	-
Ministry of Transportation	-	175,748	175,748	-
Ministry of Northern Development and Mines	-	151,421	151,421	-
	<hr/> -	<hr/> 1,294,995	<hr/> 1,259,995	<hr/> 35,000
Other				
Ontario First Nation Limited Partnership	180,609	975,516	1,035,946	120,179
	<hr/> \$ 195,609	<hr/> \$ 8,440,592	<hr/> \$ 8,408,005	<hr/> \$ 228,196

The Aboriginal Affairs and Northern Development Canada balance relates to fixed funding that was not spent by year end and will be utilized in the subsequent year.

The Ministry of Aboriginal Affairs and the Ontario First Nation Limited Partnership balances relate to funds to be spent on specific areas. Until the funding has been utilized, it has not been earned, and therefore has been deferred.

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

10. Long-term Debt

	<u>2016</u>	<u>2015</u>
CMHC		
CIBC - 5.15%, mortgage repayable in monthly payments of \$4,899 including interest, secured by building and guarantee from AANDC; due 2017	\$ 43,205	\$ 98,660
CIBC - 5.25%, mortgage repayable in monthly payments of \$4,636 including interest, secured by building and guarantee from AANDC; due 2022	<u>347,473</u>	<u>384,612</u>
	<u><u>\$ 390,678</u></u>	<u><u>\$ 483,272</u></u>

Schedule of principal reduction and interest over the next five years are as follows:

	Principal	Interest	Total
2017	\$ 82,215	\$ 18,223	\$ 100,438
2018	40,902	15,632	56,534
2019	42,885	13,741	56,626
2020	44,963	11,759	56,722
2021	<u>179,713</u>	<u>9,679</u>	<u>189,392</u>
	<u><u>\$ 390,678</u></u>	<u><u>\$ 69,034</u></u>	<u><u>\$ 459,712</u></u>

The interest charged to operations in the current year was \$20,290.

Bearskin Lake First Nation
Notes to Consolidated Financial Statements

March 31, 2016

11. Tangible Capital Assets

	2016						
	Land	Buildings	Equipment	Vehicles	Linear Assets	Construction in Progress	Total
Cost, beginning of year	\$ 35,718,723	\$ 2,599,019	\$ 2,868,179	\$ 8,789,313	\$ 4,119,580	\$ 1,070,977	\$ 54,094,814
Additions	347,006	181,229	93,913				
Transfers	1,887,475						
Cost, end of year	\$ 37,953,204	\$ 2,780,248	\$ 2,962,092	\$ 8,789,313	\$ 3,303,082	\$ 55,787,939	
Accumulated amortization, beginning of year	\$ 21,392,427	\$ 2,470,357	\$ 2,767,103	\$ 6,191,628	\$ -	\$ 32,821,515	
Amortization	1,808,839	146,738	123,961	439,921			
Accumulated amortization, end of year	\$ 23,201,266	\$ 2,617,095	\$ 2,891,064	\$ 6,631,549	\$ -	\$ 35,340,974	
Net carrying amount, end of year	\$ 14,751,938	\$ 163,153	\$ 71,028	\$ 2,157,764	\$ 3,303,082	\$ 20,446,965	

The net book value of tangible capital assets not being amortized because they are under construction is \$3,303,082 (2015 - \$4,119,580).

**Bearskin Lake First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

11. Tangible Capital Assets (continued)

								2015
		Land	Buildings	Equipment	Vehicles	Linear Assets	Construction in Progress	Total
Cost, beginning of year	\$	\$ 35,483,487	\$ 2,488,194	\$ 2,668,810	\$ 8,789,313	\$ 3,074,395	\$ 52,504,199	
Additions		235,236	110,825	199,369		1,045,185		1,590,615
Cost, end of year	\$	\$ 35,718,723	\$ 2,599,019	\$ 2,868,179	\$ 8,789,313	\$ 4,119,580	\$ 54,094,814	
Accumulated amortization, beginning of year	\$	\$ 19,679,438	\$ 2,381,451	\$ 2,469,161	\$ 5,751,707			\$ 30,281,757
Amortization		1,712,989	88,906	297,942	439,921			2,539,758
Accumulated amortization, end of year	\$	\$ 21,392,427	\$ 2,470,357	\$ 2,767,103	\$ 6,191,628			\$ 32,821,515
Net carrying amount, end of year	\$	\$ 14,326,296	\$ 128,662	\$ 101,076	\$ 2,597,685	\$ 4,119,580	\$ 21,273,299	

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

12. Accumulated Surplus

The First Nation segregates its accumulated surplus in the following categories:

	2016	2015
Investment in capital assets	\$ 16,275,681	\$ 16,945,177
Investment in trust funds	68,362	66,942
Unrestricted	91,708	307,006
Equity in Bearskin Lake Economic Development Corporation	345,752	288,177
Equity in Wellington Group of Companies	<u>137,826</u>	<u>162,395</u>
	<u>\$ 16,919,329</u>	<u>\$ 17,769,697</u>

13. Cash Held in Trust by Aboriginal Affairs and Northern Development Canada

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*.

	Capital Account	Revenue Account	Total
Balance, beginning of year	\$ 533	\$ 66,409	\$ 66,942
Interest earned during the year	1,420	1,420	1,420
Balance, end of year	<u>\$ 533</u>	<u>\$ 67,829</u>	<u>\$ 68,362</u>

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

14. Economic Dependence

Bearskin Lake First Nation received a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

15. Budget Figures

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of revenue and expenses and fund balance for comparative purposes. These budget figures have been provided by management.

	2016
Financial Plan (Budget)	\$ (2,015,638)
Add:	
Capital expense	-
Less:	
Amortization	<u>(2,519,459)</u>
Budget deficit per consolidated statement of revenue and expenses and fund balance	<u>\$ (4,535,097)</u>

16. Related Party Transaction Elimination

Bearskin Lake First Nation and Bearskin Lake Economic Development Corporation transacted on various business ventures during the year. Since Bearskin Lake Economic Development Corporation has been fully consolidated into the financial statements, inter-entity transactions have been eliminated.

	Michikan Lake				
	Bearskin Cable	Business Centre Inc.	Bearskin Petro Products Ltd.	2016	2015
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses	3,315	61,794	582,911	648,020	575,443
Net elimination	<u>\$ 3,315</u>	<u>\$ 61,794</u>	<u>\$ 582,911</u>	<u>\$ 648,020</u>	<u>\$ 575,443</u>

Bearskin Lake First Nation Notes to Consolidated Financial Statements

March 31, 2016

17. Segmented Information

Bearskin Lake First Nation is a diversified local government that provides a wide range of services to its citizens and members, including Band support, infrastructure, housing, employment, rental and other programs, economic development, social services, health, education and training, child care and commercial enterprises. The Casino Rama segment includes the use of funds received under Ontario First Nations Limited Partnership agreements.

For each reported segment, revenues and expenses represent both 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. Administrative fees, based on a percentage of revenues, have been allocated to programs where permitted by the funder.

Bearskin Lake First Nation
Notes to Consolidated Financial Statements
Schedule of Segmented Disclosure

17. Segmented Information
 (continued)

For the year ended March 31	Band Support	Casino Rama	Infrastructure	Housing	Employment, Rental & Other Programs	Economic Development	Social Services	Health	Education and Training	Child Care	Commercial Enterprises	Intercompany Elimination	Consolidated 2016
Revenue													
Government transfers	\$ 602,601	\$ 975,516	\$ 3,322,962	\$ 70,856	\$ 358,836	\$ 56,900	\$ 891,386	\$ 1,288,053	\$ 893,682	\$ 422,733	\$ -	\$ -	\$ 8,883,525
Transfer (to) from deferred revenue	-	60,430	(78,017)	-	(15,000)	-	-	-	-	-	-	-	(32,587)
Sales													
Loss from business enterprises	-	-	-	-	-	-	-	-	-	-	1,857,610	-	1,857,610
Other	1,063,296	-	172,319	50,000	310,714	-	680	208,878	184,656	137,159	267,527	(24,569)	(24,569)
Intercompany elimination	-	-	-	-	-	-	-	-	-	-	-	-	2,395,229
Prior year funding adjustments	-	-	-	-	-	-	(6,177)	-	-	-	-	(648,020)	(648,020)
	1,665,897	1,035,946	3,417,264	120,856	654,550	56,900	892,066	1,490,754	1,078,338	559,892	2,100,568	(648,020)	12,425,011
Expenses													
Amortization	39,306	-	1,483,058	548,999	-	-	-	-	448,096	-	-	-	2,519,459
Capital asset additions from operating	-	-	(1,693,125)	-	-	-	-	-	-	-	-	-	(1,693,125)
Contracted services, supplies and other	1,084,310	640,527	2,355,749	113,801	227,154	-	604,695	475,343	335,225	176,125	586,345	-	6,599,274
Salaries and benefits	539,968	-	792,242	227,088	428,143	17,293	280,889	742,712	851,264	337,660	325,544	-	4,542,803
Travel and training	24,366	-	49,502	3,386	126,119	-	9,948	37,208	21,942	45,097	78,565	-	396,133
Purchases for resale	-	-	-	-	-	-	-	-	-	-	1,069,100	-	1,069,100
Rent, utilities and telephone	44,728	-	159,763	-	59,878	-	-	152,331	8,147	-	64,908	-	489,755
Intercompany elimination	-	-	-	-	-	-	-	-	-	-	-	(648,020)	(648,020)
	1,732,678	640,527	3,147,189	893,274	841,294	17,293	895,532	1,407,594	1,664,674	558,882	2,124,462	(648,020)	13,275,379
Excess (deficiency) of revenue over expenses for the year	\$ (66,781)	\$ 395,419	\$ 270,075	\$ (772,418)	\$ (186,744)	\$ 39,607	\$ (3,466)	\$ 83,160	\$ (586,336)	\$ 1,010	\$ (23,894)	\$ -	\$ (850,368)

Bearskin Lake First Nation
Notes to Consolidated Financial Statements
Schedule of Segmented Disclosure

17. Segmented Information
(continued)

For the year ended March 31	Employment, Rental & Other Programs										Education and Training	Child Care	Commercial Enterprises	Intercompany Elimination	Consolidated 2015
	Band Support	Casino Rama	Infrastructure	Housing	Economic Development	Social Services	Health								
Revenue															
Government transfers	\$ 612,273	\$ 971,488	\$ 2,898,363	\$ 74,571	\$ 253,519	\$ 56,900	\$ 784,199	\$ 1,273,996	\$ 967,251	\$ 421,837	\$ -	\$ -	\$ 8,314,397		
Transfer from deferred revenue	-	\$ 176,903	\$ 94,243	-	\$ 1,252	-	-	\$ 12,022	-	-	-	-	\$ 284,420		
Sales	-	-	-	-	-	-	-	-	-	-	-	-	2,611,806	2,611,806	
Loss from business enterprises	-	-	-	-	-	-	-	-	-	-	-	-	125	125	
Other	1,406,023	-	333,770	50,000	390,625	-	690	41,497	172,115	136,224	179,907	-	2,710,851		
Intercompany elimination	-	-	-	-	-	-	-	-	-	-	-	-	(575,443)	(575,443)	
Write-off of Aatawehike Fire Services Ltd.	-	-	-	-	-	-	5,779	(2,042)	(12,364)	-	-	-	(13,103)		
Prior year funding adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(8,627)		
	2,018,296	1,148,391	3,326,376	124,571	645,396	56,900	790,668	1,325,473	1,127,002	558,061	2,791,838	(575,443)	13,324,426		
Expenses															
Amortization	39,306	-	1,503,357	548,999	-	-	-	-	448,096	-	-	-	-	2,539,758	
Capital asset additions from operating	-	-	(1,487,717)	-	-	-	-	(102,898)	-	-	-	-	-	(1,590,615)	
Contracted services, supplies and other	1,081,970	273,972	2,874,395	43,620	327,993	-	521,888	488,446	358,939	180,695	321,929	-	-	6,473,847	
Salaries and benefits	503,074	-	929,811	30,000	448,358	-	250,608	656,944	874,810	335,132	305,045	-	-	4,333,782	
Travel and training	56,852	-	23,253	-	63,837	-	10,340	31,184	20,375	36,684	43,182	-	-	285,707	
Purchases for resale	-	-	-	-	-	-	-	-	-	-	-	-	2,270,858	2,270,858	
Rent, utilities and telephone	49,452	-	192,714	-	48,623	-	-	144,793	12,644	-	22,772	-	-	470,998	
Intercompany elimination	-	-	-	-	-	-	-	-	-	-	-	-	(575,443)	(575,443)	
	1,730,654	273,972	4,035,813	622,619	888,811	-	782,836	1,218,469	1,714,864	552,511	2,963,786	(575,443)	14,208,892		
Excess (deficiency) of revenue over expenses for the year	\$ 287,642	\$ 874,419	\$ (709,437)	\$ (498,048)	\$ (243,415)	\$ 56,900	\$ 7,832	\$ 107,004	\$ (587,862)	\$ 5,550	\$ (171,948)	\$ -	\$ (884,466)		

**Bearskin Lake First Nation
Notes to Consolidated Financial Statements**

March 31, 2016

18. Aboriginal Affairs and Northern Development Canada - Funding Reconciliation

	2015	2014
Funding per confirmation	\$ 4,811,172	\$ 4,770,328
SATF Repayable	-	(46,773)
Aboriginal Affairs and Northern Development Canada, revenue per financial statements	<u>\$ 4,811,172</u>	<u>\$ 4,723,555</u>

19. Health Canada - Funding Reconciliation

	2016	2015
Funding per confirmation	<u>\$ 1,288,053</u>	<u>\$ 1,273,996</u>
Health Canada revenue per financial statements	<u>\$ 1,288,053</u>	<u>\$ 1,273,996</u>

20. Comparative Figures

Certain of the comparative figures presented in the consolidated financial statements have been restated to conform to the current year's presentation.
