



Grant Thornton

Consolidated Financial Statements

\ Bear River First Nation

March 31, 2014

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Grant Thornton

Independent Auditor's Report

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To the Chief, Councillors and Members
of the Bear River First Nation

We have audited the accompanying consolidated financial statements of Bear River First Nation, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net debt and financial position 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 standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation'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 First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Bear River First Nation as at March 31, 2014, and the results of its operations, changes in net debt and financial position for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The consolidated schedules of revenues and expenditures on pages 22 to 34 are presented for purposes of additional information and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Grant Thornton LLP

Kentville, Canada

July 25, 2014

Chartered Accountants

Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada ("CPA Canada"), and as such, include amounts that are the best estimates and judgements of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The First Nation Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Bear River First Nation and meet when required.

Chief

Chief Cecil Thompson

Band Manager

Kenny A. Pugs

Date

July 25, 2014

Bear River First Nation

Consolidated Statement of Financial Position

March 31

2014

2013

Financial assets		
Cash (Note 2)	\$ 780,758	\$ 575,936
Accounts receivable (Note 3)	51,104	62,497
Investment in government business enterprise (Note 6)	151,521	85,011
Trust funds held by federal government (Note 4)	10,103	9,854
Due from governments and other government organizations (Note 5)	<u>60,742</u>	<u>129,746</u>
Total financial assets	<u>1,054,228</u>	<u>863,044</u>
Financial liabilities		
Payables and accruals (Note 7)	209,686	205,874
Deferred revenue (Note 8)	52,710	42,016
Long-term debt (Note 9)	<u>1,218,880</u>	<u>1,210,450</u>
Total liabilities	<u>1,481,276</u>	<u>1,458,340</u>
Net debt	<u>(427,048)</u>	<u>(595,296)</u>
Non-financial assets		
Tangible capital assets (Note 10)	3,584,871	3,541,895
Prepays	19,155	17,548
Inventory	15,985	15,985
House in progress	<u> </u>	<u>73,962</u>
Total non-financial assets	<u>3,620,011</u>	<u>3,649,388</u>
Annual surplus	\$ <u>3,192,963</u>	\$ <u>3,054,092</u>

On behalf of the Band

 Chief

 Councillor

See accompanying notes to the consolidated financial statements.

Bear River First Nation

Consolidated Statement of Operations

For the Year Ended March 31, 2014

	<u>Budget 2014</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Revenues			
Federal government transfers for operating (Note 18)	\$ 1,390,836	\$ 1,432,424	\$ 1,359,116
Federal government transfers for capital (Note 18)	92,558	98,694	89,150
Provincial government transfers for operating (Note 18)	126,356	110,765	136,195
Rent		2,712	1,672
Other investment income		3,629	3,350
Amounts earned and held in Trust by federal government (Note 4)		249	237
Income from investment in government business enterprises (Note 6)		66,510	32,351
Other	<u>491,229</u>	<u>659,330</u>	<u>488,346</u>
Total revenues	<u>2,100,979</u>	<u>2,374,313</u>	<u>2,110,417</u>
Expenses			
Education	383,951	299,635	217,743
Health	377,153	363,457	404,525
Economic Development	123,978	181,080	158,430
Housing		31,634	31,506
Community Maintenance	220,673	214,237	185,470
Social Services	388,648	258,277	166,930
Band Support	474,563	588,876	501,341
Interest		28,319	32,344
Amortization	<u>174,000</u>	<u>259,927</u>	<u>275,028</u>
Total expenses	<u>2,140,966</u>	<u>2,235,442</u>	<u>1,973,317</u>
Annual surplus (deficit)	\$ <u>(39,987)</u>	138,371	137,100
Accumulated surplus (deficit)			
Beginning of year		3,054,092	3,006,973
Matured units adjustment			<u>(89,981)</u>
Accumulated surplus (deficit)			
End of year		\$ <u>3,192,963</u>	\$ <u>3,054,092</u>

See accompanying notes to the consolidated financial statements.

Bear River First Nation Consolidated Statement of Net Debt

Year Ended March 31

2014

2013

	<u>Budget</u>		
Annual surplus (deficit)	\$ (39,937)	\$ 138,871	\$ 137,100
Capital asset additions		(302,903)	(186,702)
House in progress		73,962	(73,962)
Amortization of capital assets	<u>174,000</u>	<u>259,927</u>	<u>275,026</u>
	\$ <u>134,063</u>	169,857	151,462
Matured units adjustment			(89,981)
Addition of prepaids		(1,609)	(1,108)
Addition of inventory			<u>(2,567)</u>
Decrease in net debt		168,248	57,806
Net debt, beginning of year		<u>(595,296)</u>	<u>(653,102)</u>
Net debt, end of year		\$ <u>(427,048)</u>	\$ <u>(595,296)</u>

See accompanying notes to the consolidated financial statements.

Bear River First Nation

Consolidated Statement of Changes in Financial Position

Year Ended March 31

2014

2013

Increase (decrease) in cash and cash equivalents

Operations

Excess of revenue over expenditures	\$ 138,871	\$ 137,100
Amortization	258,927	275,028
Proceeds from funds on deposit	(249)	(237)
Prepaid expenses	(1,809)	(1,108)
Decrease in non-cash operating net financial assets (Note 11)	94,903	124,593
Equity in income from government business enterprise	(66,511)	(32,351)
Matured units adjustment		(89,981)
	<u>425,332</u>	<u>413,042</u>

Capital

Purchase of tangible capital assets	(302,903)	(186,702)
House in progress	<u>73,962</u>	<u>(73,962)</u>
	<u>(228,941)</u>	<u>(260,664)</u>

Financing

Repayment of long-term debt	(66,044)	(59,007)
Proceeds from mortgages	74,475	85,857
Repayment of bank loan		(40,000)
	<u>8,431</u>	<u>(13,150)</u>

Increase in cash and cash equivalents 204,822 139,228

Cash and cash equivalents

Beginning of year	<u>575,936</u>	<u>436,708</u>
End of year	\$ <u>780,758</u>	\$ <u>575,936</u>

See accompanying notes to the consolidated financial statements.

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

1. Significant accounting policies

(a) 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 CPA Canada.

(b) Reporting entity

The Bear River First Nation reporting entity includes the Bear River First Nation government and all related entities that are controlled by the First Nation.

(c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Bear River First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Bear River First Nation.

Organizations consolidated in Bear River First Nation's financial statements include:

- Bear River First Nation Housing Projects
- Bear River First Nation Health Center

Organizations accounted for on a modified equity basis include:

- L'sitkuk Gas Bar Limited

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(e) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Bear River First Nation's incremental cost of borrowing.

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

1. Significant accounting policies (continued)

Amortization is provided for on a straight-line basis, over the expected useful life of the assets in the table that follows:

Band buildings	25 years
Commercial buildings	25 years
Residential buildings	25 years
Roads	30 years
Underground networks	50 years
Furniture and equipment	10 years
Pool	20 years
Computer equipment	4 years
Housing Project buildings	25 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Bear River First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(g) Inventories held for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement 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, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for 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.

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

1. Significant accounting policies (continued)

(I) Measurement uncertainty

In preparing the consolidated financial statements for Bear River First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include amortization and allowance for doubtful accounts. Actual results could differ from these estimates.

(J) Revenues and expenditures – CMHC Housing Projects

Revenues and expenditures are recorded according to the accrual basis of accounting. Rental revenue is recorded at a flat monthly rate and not on a rent-to-income basis as set out in the agreement with the Canada Mortgage and Housing Corporation (CMHC).

(k) Replacement Reserve

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(l) RRAP expenditures

Repairs and renovations incurred under the CMHC Residential Renovations Assistance Program (RRAP) are expensed in the Operating Fund in the year incurred.

(m) Use of estimates

In preparing the First Nation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

(n) Financial Instruments

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The carrying value of the other financial instruments approximates their fair market value at March 31, 2014.

The First Nation is not exposed to significant credit, liquidity or market risk as a result of its financial instruments.

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

2. Cash

Under the terms of an agreement with CMHC, Bear River First Nation must set aside funds annually for the repair, maintenance and replacement of worn out 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 CMHC with any interest earned to be credited as revenue to the Housing Project Replacement Reserve.

Cash is comprised of the following:

	<u>2014</u>	<u>2013</u>
Externally restricted		
CMHC reserve	\$ 159,155	\$ 137,905
MCARR reserve	<u>86,451</u>	<u>94,470</u>
	<u>245,606</u>	<u>232,375</u>
Unrestricted		
Operating	410,404	247,594
Housing Project	<u>124,748</u>	<u>95,967</u>
	<u>535,152</u>	<u>343,561</u>
Total cash	<u>\$ 780,758</u>	<u>\$ 575,936</u>

3. Accounts receivable	<u>2014</u>	<u>2013</u>
Due from members		
L'sitkuk Gas Bar Limited	\$ <u>10,124</u>	\$ <u>8,014</u>
Due from others		
Mi'kmaq Kina'matnewey	9,120	7,600
Mi'kmaq Employment/Training Secretariat	4,364	29,661
Small amounts owing (net of allowance for doubtful accounts)	<u>27,496</u>	<u>17,222</u>
	<u>40,980</u>	<u>54,483</u>
Total accounts receivable	<u>\$ 51,104</u>	<u>\$ 62,497</u>

4. Trust funds held by federal government

Trust fund accounts arise from moneys 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*.

	Opening Balance	Additions	Withdrawals	Closing Balance 2014	Closing Balance 2013
Revenue	\$ 9,576	\$ 249	\$	\$ 9,825	\$ 9,576
Capital	<u>278</u>	<u></u>	<u></u>	<u>278</u>	<u>278</u>
Fund total	<u>\$ 9,854</u>	<u>\$ 249</u>	<u>\$</u>	<u>\$ 10,103</u>	<u>\$ 9,854</u>

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

5. Due from governments and other government organizations	<u>2014</u>	<u>2013</u>
Aboriginal Affairs and Northern Development Canada (AANDC)		\$ 32,210
CMHC	\$ 3,100	34,500
Provincial government	43,142	63,036
Environment Canada – AFSAR	<u>14,500</u>	<u> </u>
	\$ <u>60,742</u>	\$ <u>129,746</u>

6. Investment in government business enterprises

The commercial government business enterprises that are included in the First Nation reporting entity, as described in Note 1 (c) to these financial statements includes:

- L'sitkuk Gas Bar Limited

The following table presents condensed financial information for the commercial enterprise:

	<u>2014</u>	<u>2013</u>
Assets		
Cash	\$ 111,249	\$ 51,890
Accounts receivable	11,148	9,798
Inventory	23,814	17,609
Tangible capital assets	7,784	10,150
Other assets	<u>3,048</u>	<u>3,048</u>
Total assets	\$ <u>157,043</u>	\$ <u>92,495</u>
Liabilities		
Accounts payable	\$ 5,522	\$ 7,484
Equity	<u>151,521</u>	<u>85,011</u>
Total liabilities and equity	\$ <u>157,043</u>	\$ <u>92,495</u>
	<u>2014</u>	<u>2013</u>
Revenue	\$ 1,112,106	\$ 869,485
Expenses	<u>1,045,596</u>	<u>837,134</u>
Net income	\$ <u>66,510</u>	\$ <u>32,351</u>

L'sitkuk Gas Bar Limited

L'sitkuk Gas Bar Limited, incorporated on September 6, 2007, is a gas bar and convenience store.

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

7. Payables and accruals	<u>2014</u>	<u>2013</u>
Trade payables	\$ 159,020	\$ 131,483
Accrued salaries and employee benefits payable	9,001	4,038
Other accrued liabilities	<u>41,665</u>	<u>70,353</u>
Total payables and accruals	\$ <u>209,686</u>	\$ <u>205,874</u>

8. Deferred revenue

	Balance March 31 <u>2013</u>	Funding Received <u>2014</u>	Revenue Recognized <u>2014</u>	Balance March 31 <u>2014</u>
<u>Federal Government</u>				
Capital Projects	\$ 5,900	\$ 215,000	\$ 176,830	\$ 44,070
Other	<u>20,722</u>		<u>20,722</u>	
	<u>26,622</u>	<u>215,000</u>	<u>197,552</u>	<u>44,070</u>

Deferred revenue related AANDC funding for Waste Water project in process at year end.

Provincial Government

Other		<u>3,470</u>	<u>1,790</u>	<u>1,680</u>
<u>Other</u>				
Other	<u>15,394</u>	<u>6,848</u>	<u>15,282</u>	<u>6,960</u>
	<u>\$ 42,016</u>	<u>\$ 225,318</u>	<u>\$ 214,624</u>	<u>\$ 52,710</u>

Provincial deferred revenue is for the CHIP Theatre programme in process.

Other deferred revenue is Mi'Kmaq Kina'matnewey funding for New Paths project in process.

9. Long-term debt	<u>2014</u>	<u>2013</u>
2.34% loan, amortized to 2016, payable in monthly instalments of \$552, including principal and interest.	\$ 10,297	\$ 16,603
2.63% loan, amortized to 2022, payable in monthly instalments of \$315, including principal and interest	29,570	32,532
2.82% loan, amortized to 2023, payable in monthly instalments of \$320, including principal and interest.	30,527	33,459
2.63% loan, amortized to 2022, payable in monthly instalments of \$842, including principal and interest.	75,593	83,591
2.93% loan, amortized to 2023, payable in monthly instalments of \$345, including principal and interest.	34,853	37,920
3.11% loan, amortized to 2026, payable in monthly instalments of \$338, including principal and interest.	42,380	45,010

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

9. Long-term debt (continued)	<u>2014</u>	<u>2013</u>
3.21% loan, amortized to 2027, payable in monthly instalments to \$345, including principal and interest.	44,392	47,063
2.11% loan, amortized to 2028, payable in monthly instalments of \$509, including principal and interest.	47,052	49,623
1.92% loan, amortized to 2029, payable in monthly instalments of \$315, including principal and interest.	49,682	52,505
2.56% loan, amortized to 2030, payable in monthly instalments of \$325, including principal and interest.	52,898	55,415
1.64% loan, amortized to 2032, payable in monthly instalments of \$307, including principal and interest.	56,989	59,720
1.64% loan, amortized to 2032, payable in monthly instalments of \$320, including principal and interest.	59,364	62,209
1.53% loan, amortized to 2032, payable in monthly instalments of \$320, including principal and interest.	62,340	65,206
1.53% loan, amortized to 2032, payable in monthly instalments of \$317, including principal and interest.	62,033	64,869
2.04% loan, amortized to 2034, payable in monthly instalments of \$329, including principal and interest.	64,462	67,038
2.04% loan, amortized to 2034, payable in monthly instalments of \$330, including principal and interest.	64,628	67,211
2.67% loan, amortized to 2035, payable in monthly instalments of \$353, including principal and interest.	67,768	70,174
2.68% loan, amortized to 2036, payable in monthly instalments of \$355, including principal and interest.	70,370	72,716
1.49% loan, amortized to 2037, payable in monthly instalments of \$311, including principal and interest.	72,093	74,728
1.64% loan, amortized to 2037, payable in monthly instalments of \$317, including principal and interest.	72,615	75,208
1.60% loan, amortized to 2038, payable in monthly instalments of \$315, including principal and interest.	74,980	77,650
2.11% loan, amortized to 2038, payable in monthly instalments of \$350, including principal and interest.	<u>73,994</u>	<u>77,650</u>
	\$ 1,218,880	\$ 1,210,450

As security for the above loans, the Minister of Aboriginal Affairs and Northern Development Canada has provided guarantees.

Annual principal payments in each of the next five years are due as follows:

2015	\$ 69,745
2016	\$ 68,250
2017	\$ 66,060
2018	\$ 67,625
2019	\$ 69,300

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2014

10. Tangible capital assets

	Cost			Accumulated Amortization			Net Book Value				
	Operating Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Operating Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2014	2013
Commercial buildings	\$ 90,478				\$ 90,478	\$ 21,714	\$ 3,819	\$ 25,333	\$ 65,145	\$ 68,764	
Residential buildings	826,243				826,243	562,439	33,050	595,489	230,754	283,804	
Roads	432,985	\$ 5,016			438,001	128,707	14,558	143,265	294,736	304,276	
Underground networks	32,841	143,603			176,444	3,106	1,614	4,720	171,724	28,735	
Furniture and equipment	737,830				737,830	631,840	38,263	670,103	67,727	105,990	
Pool	31,683				31,683	26,661	371	27,232	4,451	4,822	
Computer equipment	28,738				28,738	21,735	1,505	23,240	5,498	7,003	
Housing Project buildings	2,602,963	149,604			2,752,567	783,216	105,556	888,772	1,863,795	1,818,747	
Lots under development	11,745	4,680			16,425				16,425	11,745	
Barnd buildings	1,543,682				1,543,682	617,675	61,391	679,066	864,616	926,007	
Total	\$ 6,339,168	\$ 302,603			\$ 6,642,091	\$ 2,797,293	\$ 259,927	\$ 3,057,220	\$ 3,584,671	\$ 3,541,895	

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

11. Supplemental cash flow information	<u>2014</u>	<u>2013</u>
Change in non-cash operating net assets		
Trade receivables	\$ 80,397	\$ 70,798
Payables and accruals	3,812	31,546
Deferred revenue	10,694	24,816
Inventory		(2,567)
	<u>\$ 94,903</u>	<u>\$ 124,593</u>

12. Replacement Reserve

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the CMHC from time to time. The First Nation bank interest is earned on a global basis and, as approved by the CMHC, no allocation is made to the Replacement Reserve. The funds in the account may only be used as approved by CMHC. During the year, \$21,250 was transferred from the operating account to the Replacement Reserve (2013 - \$19,417) and \$Nil (2013 - \$33,353) was transferred from the Replacement Reserve.

13. Economic dependence

The Bear River First Nation receives a major portion of its revenues pursuant to a funding arrangement with AANDC.

14. Federal assistance payments

The Housing Projects have received assistance through CMHC pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to enable the project to provide housing to low-income individuals. The amount of assistance received in the year ended March 31, 2014, was \$54,732 (2013 - \$55,845).

15. Non-compliance

The Bear River First Nation does not apply the rent-to-income scale with respect to Section 95 housing units.

Bear River First Nation

Notes to the Consolidated Financial Statements

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16. Matured units

At the year end, adjustments are required where units have matured based on information provided by CHMC to the First Nation. During the year, \$Nil (2013 - \$33,353) was transferred from the Replacement Reserve and \$Nil (2013 - \$56,628) was transferred from the deficit.

17. Pension plan

Bear River First Nation provides a defined contribution plan for eligible members of its staff. Members can contribute up to a maximum of 5.5% of their basic salary. Bear River First Nation contributes 5.5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Bear River First Nation contributed during the year \$10,653 (2013- \$10,190) for retirement benefits. Bear River First Nation does not have any other obligations with regards to the pension plan as at March 31, 2014.

18. Government transfers

	2014			2013		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers:						
Aboriginal Affairs and Northern Development Canada	\$ 903,149	\$ 90,383	\$ 993,532	\$ 857,204	\$ 81,081	\$ 938,285
Health Canada	383,110	8,311	371,421	358,087	8,089	366,156
Canada Mortgage and Housing Corporation	84,784		84,784	145,825		145,825
Other	81,411		81,411			
Total	1,432,434	98,694	1,531,118	1,359,116	89,150	1,448,266
Provincial government transfers	110,785		110,785	136,195		136,195
Total	\$ 1,543,189	\$ 98,694	\$ 1,641,883	\$ 1,495,311	\$ 89,150	\$ 1,584,461

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

19. Segment disclosure

Bear River First Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes, the Bear River First Nation's operations and activities are organized and reported by segment.

Segments that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

Band Support – all other activities not described in another segment consisting mainly of centralized and shared activities.

Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.

Social Services – social assistance provided to qualifying members.

Community Maintenance – repairs and maintenance carried out during the year to Bear River First Nation's fixed assets. This includes garbage and snow removal.

Economic Development – activities related to job training and skills.

Health Center – activity of the Health Center which provides a variety of health programs and community support.

Housing Project – Section 95 housing and related expenditures.

Health Center – MCARR – activity of the Health Center's Moveable Capital Asset Reserve.

Bear River First Nation

Notes to the Consolidated Financial Statements

March 31, 2014

19. Segment disclosure (continued)

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education			Health			Economic Development			Housing			Community Maintenance		
	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014
Revenue															
Federal Government	\$ 24,105	\$ 24,104	\$ 23,300	\$ 371,021	\$ 364,150	\$ 340,476				\$ 64,732	\$ 145,025		\$ 231,185	\$ 223,412	\$ 223,285
Provincial Government	87,889	89,775	87,888										44,947	64,726	66,000
Other revenue	253,716	255,324	255,823	29,815	37,640	4,300	\$ 139,899	\$ 141,728	\$ 158,119						
Total Revenue	365,709	369,203	367,011	390,836	401,805	344,776	139,899	141,728	158,119	64,732	145,025	NI	276,853	293,135	289,285
Expense															
Salaries and benefits	119,030	127,640	129,020	144,091	155,711	163,660	163,100	122,853	61,067				72,174	80,874	71,500
Amortization				2,880	2,840					105,680	88,579				
Debt Servicing										23,310	32,344				
Other expenses	179,022	90,095	244,323	219,088	248,814	223,203	28,977	35,577	62,881	31,634	31,536		142,053	104,459	145,173
Total Expenses	298,052	217,735	373,343	365,959	407,374	377,953	191,080	168,430	123,978	165,039	152,429	162	214,237	185,470	220,673
Annual Surplus (Deficit)	\$ 66,657	\$ 141,468	\$ 93,668	\$ 32,877	\$ 5,431	\$ 66,823	\$ (44,181)	\$ (26,702)	\$ 34,141	\$ (100,307)	\$ (15,404)	NI	\$ 62,616	\$ 107,665	\$ 68,612

Bear River First Nation
Notes to the Consolidated Financial Statements
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19. Segment disclosure (continued)

	Social Services			Band Government			Other			Inter-segment Eliminations			Consolidated Totals		
	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014
Revenue															
Federal Government	\$388,648	\$371,079	\$388,648	\$403,498	\$314,000	\$311,708							\$1,531,118	\$1,448,268	\$1,483,394
Provincial Government				7,832	14,064	3,470							110,785	130,185	138,388
Economic Activities				2,712	2,300								2,712	2,300	
Net income (loss) from investments in government business enterprises				86,510	32,351								86,510	32,351	
Other revenue				288,728	25,869	16,180							704,479	680,465	481,259
Total Revenue	388,648	371,079	388,648	740,888	380,034	633,458	248	237	\$	101,271	\$	89,160	2,475,884	2,209,677	2,100,870
Expenses															
Salaries and benefits	24,682	24,414	24,000	287,723	280,488	248,008							811,416	792,088	808,778
Amortization				182,291	173,900	174,000							288,827	275,028	174,000
Debt Servicing													28,319	32,344	
Other expenses	233,686	142,516	262,648	391,183	220,843	228,893							1,297,051	873,007	1,388,161
Total Expenses	288,377	168,930	308,648	791,197	675,231	646,893	\$	\$	\$	101,271	\$	89,160	2,338,713	2,072,477	2,146,888
Annual Surplus (Deficit)	\$128,371	\$204,149	\$	\$ (16,179)	\$ (285,237)	\$ (116,138)	\$	\$	\$	\$	\$	\$	\$ 138,871	\$ 137,100	\$ (28,887)

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20. Expenses by object 2014 2013

The following is a summary of expenses by object.

Salaries and wages	\$ 763,766	\$ 724,692
Employee benefits	47,650	67,406
Supplies and services	48,820	22,989
Interest	28,319	32,344
Professional services	50,908	35,435
Fees and contract services	88,437	104,575
Other	947,617	810,008
Amortization	<u>259,927</u>	<u>275,028</u>
	<u>\$ 2,235,442</u>	<u>\$ 2,072,477</u>

21. Budgeted figures

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

22. Comparative figures

Certain of the comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year.