

**Beaver Lake Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2014**

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**Beaver Lake Cree Nation****Consolidated Financial Statements**

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# Beaver Lake Cree Nation

## Management's Responsibility for Financial Reporting

March 31, 2014

The accompanying consolidated financial statements of Beaver Lake Cree Nation are the responsibility of management and have been approved by the 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 the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments 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 Council is responsible for ensuring that management fulfills 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, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Beaver Lake Cree Nation and meet when required.

On behalf of Beaver Lake Cree Nation:

Henry Mchase  
Chief  
Jayahayap  
Administrator

Aug 29/14  
Date  
Aug 29/14  
Date

## Independent Auditors' Report

### To the Members of Beaver Lake Cree Nation

We have audited the accompanying consolidated financial statements of Beaver Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, change in net financial assets (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 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.

#### *Auditors' 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 auditors' 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 auditors consider 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.

*Basis for Qualified Opinion*

We were unable to obtain complete accounting records for the Intergovernmental program and as such we were unable to satisfy ourselves regarding the completeness of revenue or agree significant expenses to supporting documents. Accordingly, we were unable to determine whether any adjustments might have been found necessary to revenue, expenses, net assets and accumulated surplus.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these statements, present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada  
September 4, 2014

*Crowe Mackay LLP*  
Chartered Accountants

## **Beaver Lake Cree Nation**

## **Consolidated Statement of Financial Position**

**March 31**

2014

2013

## Financial Assets

Cash (Note 2)	\$ 401,704	\$ 433,710
Accounts receivable (Note 3)	1,322,417	516,030
Long-term investments (Note 4)	255,381	245,259
Trust funds held by Ottawa (Note 5)	1,741,983	2,493,858
<u>Other trust funds (Note 6)</u>	<u>224,101</u>	<u>-</u>
	<b>3,945,586</b>	<b>3,688,857</b>

## Liabilities

Bank indebtedness (Note 2)	380,469	318,019
Accounts payable and accrued liabilities	1,359,358	886,055
Deferred revenue (Note 7)	628,718	605,780
<u>Long-term debt (Note 8)</u>	<u>1,818,571</u>	<u>1,318,316</u>
	<hr/>	<hr/>
	4,187,116	3,128,170
<b>Net financial assets (debt)</b>	<b>(241,530)</b>	<b>560,687</b>

## Non-financial Assets

Capital assets (Note 9)	12,025,896	11,816,446
Prepaid expenses	40,873	23,326
<u>Inventory (Note 10)</u>	<u>135,199</u>	<u>136,983</u>
	<b>12,201,968</b>	<b>11,976,755</b>
<b>Accumulated Surplus (Note 11)</b>	<b>\$ 11,960,438</b>	<b>\$ 12,537,442</b>

#### Contingent liabilities (Note 12)

Approved on behalf of the Beaver Lake Cree Nation

Approved on behalf of the [redacted]  
Henry Glazier, Chief

 John G. Smith, Councillor  
 Herman L. Smith, Councillor

**Beaver Lake Cree Nation**

**Consolidated Statement of Operations and Accumulated Surplus**

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Revenue</b>			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 4,263,011	\$ 4,280,208	\$ 4,381,256
Health Canada	2,376,863	2,495,218	2,339,858
Canada Mortgage and Housing Corporation	106,200	94,298	98,829
Human Resource Development Canada	352,036	385,332	353,346
Capital Band funds	1,719,144	-	-
Resource revenue	-	145,401	154,445
Investment income	-	1,226,598	-
Interest	-	58,950	228,429
Other revenue	2,826,187	5,107,078	5,872,357
	<b>11,643,441</b>	<b>13,793,083</b>	<b>13,428,520</b>
<b>Expenses (Note 13)</b>			
Education	2,125,769	2,088,749	2,100,977
Health	2,514,312	2,652,764	2,513,241
Economic Development	2,055,513	2,490,350	1,246,088
Housing	1,131,710	371,201	371,722
Social Services	829,566	615,525	708,177
Band Government	1,067,187	1,838,554	1,774,547
Employment Programs	222,425	263,242	242,347
Public Works	1,696,959	2,009,232	1,788,299
Amortization	1,111,883	1,111,883	1,109,959
Intergovernmental	-	928,585	2,823,875
	<b>12,755,324</b>	<b>14,370,085</b>	<b>14,679,232</b>
<b>Deficiency of revenue over expenses</b>	<b>(1,111,883)</b>	<b>(577,002)</b>	<b>(1,250,712)</b>
<b>Accumulated surplus, beginning of year</b>	<b>12,537,440</b>	<b>12,537,440</b>	<b>13,788,152</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 11,425,557</b>	<b>\$ 11,960,438</b>	<b>\$ 12,537,440</b>

**Beaver Lake Cree Nation**

**Consolidated Statement of Change in Net Financial Assets (Debt)**

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Deficiency of revenue over expenses</b>	<b>\$ (1,111,883)</b>	<b>\$ (577,002)</b>	<b>\$ (1,250,712)</b>
Acquisition of tangible capital assets	-	(1,321,333)	(521,453)
Amortization of tangible capital assets	-	1,111,883	1,109,959
Loss on disposition of tangible capital assets	-	-	31,770
Proceeds on disposition	-	-	73,314
<b>Insurance recovery</b>	<b>-</b>	<b>-</b>	<b>(75,000)</b>
		(209,450)	618,590
Acquisition of prepaid asset	-	(17,549)	-
<b>Use of prepaid asset</b>	<b>-</b>	<b>-</b>	<b>12,662</b>
		(17,549)	12,662
Acquisition of inventory	-	-	(136,983)
<b>Use of inventory</b>	<b>-</b>	<b>1,784</b>	<b>-</b>
		1,784	(136,983)
<b>Decrease in net financial assets</b>	<b>(1,111,883)</b>	<b>(802,217)</b>	<b>(756,439)</b>
<b>Net financial assets, beginning of year</b>	<b>560,687</b>	<b>560,687</b>	<b>1,317,126</b>
<b>(Net debt) net financial assets, end of year</b>	<b>\$ (551,196)</b>	<b>\$ (241,530)</b>	<b>\$ 560,687</b>

# Beaver Lake Cree Nation

## Consolidated Statement of Cash Flow

For the year ended March 31, 2014	2014	2013
<b>Cash flows from</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (577,002)	\$ (1,250,712)
Items not affecting cash		
Amortization	1,111,883	1,109,959
Loss on disposal of tangible capital assets	-	31,770
	534,881	(108,983)
Change in non-cash operating working capital		
Accounts receivable	(806,387)	491,772
Inventory	1,784	(136,983)
Prepaid expenses	(17,547)	12,662
Other trust funds	(224,101)	-
Accounts payable and accrued liabilities	473,301	(856,141)
Deferred revenue	22,938	483,678
	(15,131)	(113,995)
<b>Capital activities</b>		
Purchase of capital assets	(1,321,333)	(521,453)
Proceeds on disposition of capital assets	-	73,314
Insurance adjustment	-	(75,000)
	(1,321,333)	(523,139)
<b>Financing activities</b>		
Repayment of long term debt	(158,145)	(148,619)
Advance of long term debt	658,400	-
Net funds drawn from Trust Funds held in Ottawa	751,875	848,352
	1,252,130	699,733
<b>Investing activities</b>		
Purchase of long-term investments	(10,122)	(200,000)
<b>Decrease in cash and cash equivalents</b>	(94,456)	(137,401)
<b>Cash and cash equivalents, beginning of year</b>	115,691	253,092
<b>Cash and cash equivalents, end of year</b>	\$ 21,235	\$ 115,691
<b>Represented by</b>		
Cash	\$ 401,704	\$ 433,710
Bank indebtedness	(380,469)	(318,019)
	\$ 21,235	\$ 115,691

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# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2014

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### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### (a) Reporting entity principles of financial reporting

The Beaver Lake Cree Nation reporting entity includes the Beaver Lake Cree Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Beaver Lake Cree Nation.

The consolidated financial statements include the following entities:

Beaver Lake Cree Nation

Beaver Lake Education Authority - Amisk Community School

Beaver Lake Wah - Pow Treatment Centre

Beaver Lake Health Services

Beaver Lake Intergovernmental Affairs and Industrial Relations

Inter-entity balances have been eliminated on consolidation.

#### (b) 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.

Income from investments is recorded on the accrual basis.

#### (c) Cash

Cash and cash equivalents include cash on hand and balances in bank accounts, net of bank overdrafts.

#### (d) Investments

Investments are recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

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## Beaver Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2014

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#### 1. Basis of Presentation and Significant Accounting Policies (continued)

##### (e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are 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 the Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Buildings	20 years Straight-line
Automotive equipment	4 years Straight-line
Computer equipment	4 years Straight-line
Equipment	10 years Straight-line
Infrastructure	20 years Straight-line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the 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.

##### (f) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

### 2. Cash

	2014	2013
Externally restricted		
Province of Alberta	\$ 3,383	\$ 34,232
Canada Mortgage and Housing Corporation reserves	1,811	1,811
	<hr/> 5,194	<hr/> 36,043
Unrestricted		
General accounts	396,510	397,667
	<hr/> \$ 401,704	<hr/> \$ 433,710

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are 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 Fund.

Funds received under the First Nation Development Fund program administered by the Province of Alberta are restricted to eligible uses outlined in the First Nation Charitable Casino Handbook and administered by the Alberta Gaming and Liquor Commission. These funds are held in a separate bank account.

The Beaver Lake Cree Nation entities have overdraft facilities totaling \$275,000 bearing interest at prime rate + 3%. The facilities are secured by a redirection of funds, as authorized by First Nation Council Resolutions acknowledged by the Department of Aboriginal Affairs and Northern Development Canada. At March 31, 2014, the accounts were overdrawn by \$250,037 (2013: \$18,747). The cheques issued in excess of funds on deposit on these accounts were \$130,432 (2013: \$336,766).

## Beaver Lake Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 3. Accounts receivable

	2014	2013
<b>Government funding</b>		
Aboriginal Affairs and Northern Development	\$ 176,558	\$ 292,965
Health Canada	- 4,669	
	<b>176,558</b>	<b>297,634</b>
<b>Band members</b>		
Loans and advances	126,089	228,043
Allowance for doubtful accounts	(110,608)	(203,547)
	<b>15,481</b>	<b>24,496</b>
<b>Other</b>		
Province of Alberta - First Nation Development Funds	257,928	-
Other funding agreements	8,376	-
Other trade receivables	713,964	772,464
Allowance for doubtful accounts	(713,964)	(666,464)
Miscellaneous receivables	864,074	87,900
	<b>1,130,378</b>	<b>193,900</b>
	<b>\$ 1,322,417</b>	<b>\$ 516,030</b>

Loans and advances receivable from band members are non-interest bearing and are unsecured.

#### 4. Long-term investments

	2014	2013
Pimee Well Servicing Ltd. (17% ownership)		
10 Class A voting shares	\$ 10	\$ 10
309 Class B Voting shares	13	13
Advances - bearing interest at 15% per annum	54,859	44,937
Pimee Limited Partnership Units	110	110
Akuna Drilling Trust (1,000 units)	188	188
Seven Lakes Oilfield Services Limited partnership (8.33% ownership)	1	1
1678902 Alberta Ltd. (100 %)	100	-
Beaver Lake Cree Nation Holdings GP Inc. (100%)	100	-
Sterling Oilfield Solutions Ltd. (49%)	200,000	200,000
	<b>\$ 255,381</b>	<b>\$ 245,259</b>

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 5. Trust funds

	2014 Opening balance	Additions	Withdrawals	2014 Closing balance
Capital Revenue	\$ 2,261,086 232,772	\$ 54,142 150,209	\$ (956,226) -	\$ 1,359,002 382,981
	\$ 2,493,858	\$ 204,351	\$ (956,226)	\$ 1,741,983

The trust funds accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

### 6. Other trust funds

Funds held by corporate trustee are invested in Canada T-bills maturing April 10, 2014.

### 7. Deferred revenue

	2014	2013
AANDC - school renovations	\$ -	\$ 247,555
AANDC - school programs	\$ 250,000	\$ 196,875
AANDC - social assistance	\$ 59,569	\$ 99,021
Health Canada - health centre	\$ 21,917	\$ 29,033
HRDC	\$ -	\$ 33,296
Province of Alberta	\$ 297,232	\$ -
	\$ 628,718	\$ 605,780

### 8. Long-term debt

	2014	2013
Bank mortgage with payments of \$670 per month including interest at 6.09%, maturing July 2015, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and a first mortgage on housing units.	\$ 8,281	\$ 15,808

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 8. Long-term debt, continued

	2014	2013
Canada Mortgage and Housing Corporation mortgage with payments of \$876 per month including interest at 2.69% maturing April 2025, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	100,777	108,486
Canada Mortgage and Housing Corporation mortgage with payments of \$1,251 per month including interest at 2.56% maturing September 2025, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	149,515	160,567
Canada Mortgage and Housing Corporation mortgage with payments of \$1,229 per month including interest at 2.26% maturing June 2026, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	157,809	168,874
Canada Mortgage and Housing Corporation mortgage with payments of \$990 per month including interest at 1.67% maturing June 2028, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	150,661	159,689
Canada Mortgage and Housing Corporation mortgage with payments of \$974 per month including interest at 1.92% maturing February 2029, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	151,703	160,488
Canada Mortgage and Housing Corporation mortgage with payments of \$1,097 per month including interest at 1.67% maturing March 2032, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	204,646	214,318
Canada Mortgage and Housing Corporation mortgage with payments of \$1,223 per month including interest at 2.35% maturing July 2028, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	178,610	186,299
Canada Mortgage and Housing Corporation mortgage with payments of \$2,813 per month including interest at 2.08% maturing February 2039, secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Corporation and a first mortgage on housing units.	656,621	-

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**Beaver Lake Cree Nation****Notes to Consolidated Financial Statements**

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**March 31, 2014**

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**8. Long-term debt, continued**

	<b>2014</b>	<b>2013</b>
Wells Fargo finance contract with interest rate of 7.95% repayable at \$7,688 per month including interest due on January, 2015 secured by heavy equipment	<b>59,948</b>	143,787
	<b>\$ 1,818,571</b>	\$ 1,318,316

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Principal portion of long-term debt due within the next five years:

2015	\$ 157,481
2016	91,760
2017	93,461
2018	95,487
2019 and thereafter	<b>1,380,382</b>
	<b>\$ 1,818,571</b>

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# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 9. Tangible capital assets

	Cost				Accumulated amortization				2014 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Buildings	10,854,507	1,264,100	-	12,118,607	3,223,302	522,093	-	3,745,395	8,373,212
Automotive equipment	813,465	33,103	-	846,568	482,794	147,244	-	630,038	216,530
Computer equipment	53,426	-	-	53,426	31,571	11,616	-	43,187	10,239
Equipment	3,167,738	24,130	-	3,191,868	2,410,195	179,239	-	2,589,434	602,434
Infrastructure	5,001,279	-	-	5,001,279	1,951,107	251,691	-	2,202,798	2,798,481
	<b>\$ 19,915,415</b>	<b>\$ 1,321,333</b>	<b>\$ -</b>	<b>\$ 21,236,748</b>	<b>\$ 8,098,969</b>	<b>\$ 1,111,883</b>	<b>\$ -</b>	<b>\$ 9,210,852</b>	<b>\$ 12,025,896</b>
Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2013 Net book value	
Land	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Buildings	10,854,507	-	-	10,854,507	2,838,751	459,551	(75,000)	3,223,302	7,631,205
Automotive equipment	475,513	454,712	(116,760)	813,465	325,484	168,986	(11,676)	482,794	330,671
Computer equipment	53,426	-	-	53,426	17,760	13,811	-	31,571	21,855
Equipment	3,162,114	5,624	-	3,167,738	2,194,274	215,921	-	2,410,195	757,543
Infrastructure	4,940,162	61,117	-	5,001,279	1,699,416	251,691	-	1,951,107	3,050,172
Companies - equipment	14,251	-	(14,251)	-	14,251	-	(14,251)	-	-
Companies - vehicles	20,000	-	(20,000)	-	20,000	-	(20,000)	-	-
	<b>\$ 19,544,973</b>	<b>\$ 521,453</b>	<b>\$ (151,011)</b>	<b>\$ 19,915,415</b>	<b>\$ 7,109,936</b>	<b>\$ 1,109,960</b>	<b>\$ (120,927)</b>	<b>\$ 8,098,969</b>	<b>\$ 11,816,446</b>

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 10. Inventory

Inventory consisting of fuel, tobacco and confectionaries for resale are recorded at the lower of cost and net realizable value, on a first-in first-out basis.

### 11. Accumulated surplus

	2014	2013
Operating fund	\$ (281,434)	\$ (718,277)
Capital asset fund	10,207,325	10,498,130
Replacement reserve fund	292,564	263,731
Trust fund	1,741,983	2,493,858
	<hr/> <b>\$ 11,960,438</b>	<hr/> <b>\$ 12,537,442</b>

### 12. Contingent liabilities

#### a) Contract dispute

The Nation is currently in a dispute with one of its consultants regarding the amount of commission that the consultant is entitled to receive in connection with the negotiation of impact benefit agreements and other economic development activities on behalf of the Nation. Management has recorded the amount that it considers to be payable to the consultant for work completed and impact benefit payments received to March 31, 2014. Since the amount of any additional termination payments, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should additional termination payments be incurred, they will be expenses in the year the liability is determined.

#### b) Government contributions

Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 13. Expenses

For the year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Expenses</b>			
Administration fees	\$ 30,000	\$ 39,022	\$ 54,511
Amortization	1,111,883	1,111,883	1,109,959
Bad debts	-	47,500	567,134
Cultural events	236,310	194,788	98,521
Donations and advertising	9,000	7,187	13,045
Education and tuition fees	967,051	851,391	994,952
Insurance	30,970	147,439	99,973
Interest and bank charges	50,143	60,218	227,326
Interest on long term debt	-	39,236	46,654
Lagoon Project expense	35,978	35,978	34,076
Materials and supplies	2,015,659	2,482,671	1,243,142
Office expenses	274,602	281,567	291,243
Professional fees	129,500	1,189,895	2,285,393
Program costs	887,805	1,147,399	1,138,597
Renovation	1,566,055	486,739	676,322
Rent	14,400	12,800	35,329
Repairs and maintenance	462,398	490,757	242,817
Social assistance	630,794	463,177	537,702
Subcontracts	114,408	94,638	96,415
Travel	287,629	423,564	455,273
Utilities and telephone	112,470	283,652	319,733
Vehicle	43,600	221,213	157,330
Wages and benefits	3,675,794	4,201,093	3,858,994
Workshops and training	68,875	56,278	94,791
	\$ 12,755,324	\$ 14,370,085	\$ 14,679,232

## Beaver Lake Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 14. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 2. The segment results for the period are as follows:

	Education		2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	Economic Development		
	2014 Budget	2014 Actual						2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>										
Aboriginal Affairs and Northern Development Canada	1,897,109	1,813,479		1,796,916		-	-	55,513	55,513	55,513
Health Canada	-	-		-	2,376,863	2,495,218	2,339,858	-	-	-
Human Resource Development Canada	-	-		-	129,611	129,611	129,611	-	-	-
Investment income	-	-		-	-	-	-	663,808	-	-
Other revenue	228,660	374,890		336,863		7,838	76,961	76,252	2,000,000	2,395,785
<b>Total revenue</b>	<b>2,125,769</b>	<b>2,188,369</b>		<b>2,133,779</b>		<b>2,514,312</b>	<b>2,701,790</b>	<b>2,545,721</b>	<b>2,055,513</b>	<b>3,115,106</b>
<b>Expenses</b>										
Wages and benefits	734,649	808,127		777,932	1,578,090	1,600,898	1,423,383	172,250	175,348	190,433
Insurance	-	-		-	-	949	-	-	-	-
Materials and supplies	107,738	120,849		62,555	7,770	3,538	13,309	1,839,000	2,251,405	968,716
Utilities and telephone	42,000	42,760		38,405	26,710	26,245	50,846	-	5,060	4,053
Program costs	20,000	18,695		21,384	437,305	620,446	586,424	-	205	493
Other expenses	1,221,382	1,098,318		1,200,701	464,437	400,688	439,279	44,263	58,332	82,393
<b>Total expenses</b>	<b>2,125,769</b>	<b>2,088,749</b>		<b>2,100,977</b>	<b>2,514,312</b>	<b>2,652,764</b>	<b>2,513,241</b>	<b>2,055,513</b>	<b>2,490,350</b>	<b>1,246,088</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>99,620</b>		<b>32,802</b>	<b>-</b>	<b>49,026</b>	<b>32,480</b>	<b>-</b>	<b>624,756</b>	<b>122,770</b>

## Beaver Lake Cree Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 14. Segmented information, continued

	2014 Budget	Housing 2014 Actual	2013 Actual	2014 Budget	Social Services 2014 Actual	2013 Actual	2014 Budget	Band Government 2014 Actual	2013 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	73,510	148,500	-	811,811	588,294	670,733	379,759	466,859	444,227
Canada Mortgage and Housing Corporation	106,200	94,298	98,829	-	-	-	-	-	-
Other revenue	952,000	202,188	336,933	17,755	25,655	900	687,428	1,253,110	1,332,733
<b>Total revenue</b>	<b>1,131,710</b>	<b>444,986</b>	<b>435,762</b>	<b>829,566</b>	<b>613,949</b>	<b>671,633</b>	<b>1,067,187</b>	<b>1,719,969</b>	<b>1,776,960</b>
<b>Expenses</b>									
Wages and benefits	43,400	111,480	142,103	188,966	130,169	135,005	656,230	818,389	694,956
Bad debts	-	-	-	-	-	-	-	-	1,373
Insurance	9,970	-	23,635	-	-	-	-	-	10,774
Materials and supplies	1,500	12,917	27,762	-	633	691	-	4,115	17,882
Utilities and telephone	-	1,953	1,361	1,200	1,999	1,460	23,000	135,805	157,602
Program costs	111,500	51,785	122,458	-	-	384	19,000	155,375	187,594
Other expenses	965,340	193,066	54,403	639,400	482,724	570,637	368,957	724,870	704,366
<b>Total expenses</b>	<b>1,131,710</b>	<b>371,201</b>	<b>371,722</b>	<b>829,566</b>	<b>615,525</b>	<b>708,177</b>	<b>1,067,187</b>	<b>1,838,554</b>	<b>1,774,547</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>73,785</b>	<b>64,040</b>	<b>-</b>	<b>(1,576)</b>	<b>(36,544)</b>	<b>-</b>	<b>(118,585)</b>	<b>2,413</b>

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 14. Segmented information, continued

	Employment Programs			Public Works			Ottawa Trust Funds		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	-	-	-	1,045,309	1,207,563	1,413,867	-	-	-
Human Resource Development Canada	222,425	255,721	223,735	-	-	-	-	-	-
Resource revenue	-	-	-	-	-	-	-	145,401	154,445
Interest	-	-	-	-	-	-	-	58,950	228,429
Other revenue	-	-	-	651,650	1,438,104	528,623	-	(956,226)	(1,231,226)
<b>Total revenue</b>	<b>222,425</b>	<b>255,721</b>	<b>223,735</b>	<b>1,696,959</b>	<b>2,645,667</b>	<b>1,942,490</b>	<b>-</b>	<b>(751,875)</b>	<b>(848,352)</b>
<b>Expenses</b>									
Wages and benefits	40,000	38,993	52,755	262,209	451,690	442,428	-	-	-
Insurance	-	-	-	21,000	146,490	65,564	-	-	-
Materials and supplies	22,651	22,280	41,432	37,000	66,933	110,794	-	-	-
Utilities and telephone	-	700	420	19,560	63,765	57,810	-	-	-
Program costs	-	151,477	62,378	300,000	149,417	157,483	-	-	-
Other expenses	159,774	49,792	85,362	1,057,190	1,130,937	954,220	-	-	-
<b>Total expenses</b>	<b>222,425</b>	<b>263,242</b>	<b>242,347</b>	<b>1,696,959</b>	<b>2,009,232</b>	<b>1,788,299</b>	<b>-</b>	<b>(751,875)</b>	<b>(848,352)</b>
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>(7,521)</b>	<b>(18,612)</b>	<b>-</b>	<b>636,435</b>	<b>154,191</b>	<b>-</b>	<b>(751,875)</b>	<b>(848,352)</b>

# Beaver Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 14. Segmented information, continued

	2014 Budget	Intergovernmental		2014 Budget	Amortization 2014 Actual	2013 Actual	Consolidated totals		
		2014 Actual	2013 Actual				2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>									
Aboriginal Affairs and Northern Development Canada	-	-	-	-	-	-	4,263,011	4,280,208	4,381,256
Health Canada	-	-	-	-	-	-	2,376,863	2,495,218	2,339,858
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	106,200	94,298	98,829
Human Resource Development Canada	-	-	-	-	-	-	352,036	385,332	353,346
Resource revenue	-	-	-	-	-	-	-	145,401	154,445
Investment income	-	562,790	-	-	-	-	-	1,226,598	-
Interest	-	-	-	-	-	-	-	58,950	228,429
Other revenue	-	296,611	3,177,934	-	-	-	4,545,331	5,107,078	5,872,357
<b>Total revenue</b>	-	<b>859,401</b>	<b>3,177,934</b>	-	-	-	<b>11,643,441</b>	<b>13,793,083</b>	<b>13,428,520</b>
<b>Expenses</b>									
Wages and benefits	-	66,000	-	-	-	-	3,675,794	4,201,094	3,858,995
Amortization	-	-	-	1,111,883	1,111,883	1,109,959	1,111,883	1,111,883	1,109,959
Bad debts	-	-	-	-	-	-	-	-	1,373
Insurance	-	-	-	-	-	-	30,970	147,439	99,973
Materials and supplies	-	-	-	-	-	-	2,015,659	2,482,670	1,243,141
Utilities and telephone	-	5,365	7,776	-	-	-	112,470	283,652	319,733
Program costs	-	-	-	-	-	-	887,805	1,147,400	1,138,598
Other expenses	-	857,220	2,816,099	-	-	-	4,920,743	4,995,947	6,907,460
<b>Total expenses</b>	-	<b>928,585</b>	<b>2,823,875</b>	<b>1,111,883</b>	<b>1,111,883</b>	<b>1,109,959</b>	<b>12,755,324</b>	<b>14,370,085</b>	<b>14,679,232</b>
<b>Annual surplus (deficit)</b>	-	<b>(69,184)</b>	<b>354,059</b>	<b>(1,111,883)</b>	<b>(1,111,883)</b>	<b>(1,109,959)</b>	<b>(1,111,883)</b>	<b>(577,002)</b>	<b>(1,250,712)</b>

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## **Beaver Lake Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **15. Employment retirement plan**

The organization has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 3.5% and 7.5% of their gross pay with the organization making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2014 were \$84,572 (2013: \$79,000).

#### **16. Budget information**

The unaudited budget data presented in these consolidated financial statements is based upon information provided by management.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed in the current year.

#### **17. Comparative amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

#### **18. Economic dependence**

Beaver Lake Cree Nation receives a significant portion of its revenue pursuant to funding agreements with Aboriginal Affairs and Northern Development Canada and Health Canada.

#### **19. Financial instruments**

The Nation's financial instruments consist of cash, accounts receivable, long-term investments, trust funds, bank indebtedness, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

Is it management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk. The Nation also has liquidity risk in respect of its accounts payable and current portions of long-term debt. The Nation minimizes this risk by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders. the Nation is subject to interest rate risk arising primarily from fluctuations in rates on bank overdraft facilities and long-term debt.