(0460)30-0005-17.18 PRA

# Beaver Lake Cree Nation

## Consolidated Financial Statements

## March 31, 2018

March 31, 2018 | Page

**Consolidated Schedules of Operations by Program (continued)**

## Management's Responsibility for Financial Reporting

**March 31, 2018**

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 Chartered Professional Accountants of Canada 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:

| | |
|---|---|
| Chief | June 25/18<br>Date |
| Administrator | June 25/18<br>Date |

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# 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, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the 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 audit opinion.

*Opinion*
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Beaver Lake Cree Nation as at March 31, 2018, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Other Matter*
Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Beaver Lake Cree Nation taken as a whole. The supplementary information included on the schedules on pages 23 - 57 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CROWE MACKAY LLP
**Chartered Professional Accountants**

**Edmonton, Canada**
**July 25, 2018**

## Beaver Lake Cree Nation

**Consolidated Statement of Financial Position**

| March 31 | 2018 | 2017 |
|---|---|---|
| **Financial Assets** | | |
| Cash (Note 2) | **$ 2,077,976** | $ 2,310,798 |
| Accounts receivable (Note 3) | **1,389,465** | 725,309 |
| Long-term investments (Note 4) | **60,578** | 60,578 |
| Trust funds held by Ottawa (Note 5) | **2,160,682** | 1,987,252 |
| Other trust funds (Note 6) | **2,201,870** | 1,695,335 |
| | **7,890,571** | 6,779,272 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | **731,563** | 239,491 |
| Deferred revenue (Note 7) | **1,410,032** | 1,375,362 |
| Long-term debt (Note 8) | **2,628,286** | 3,217,632 |
| | **4,769,881** | 4,832,485 |
| **Net financial assets** | **3,120,690** | 1,946,787 |
| **Non-financial Assets** | | |
| Capital assets (Note 9) | **9,723,512** | 10,096,723 |
| Prepaid expenses | **20,087** | 31,893 |
| Inventory (Note 10) | **140,141** | 157,264 |
| | **9,883,740** | 10,285,880 |
| **Accumulated Surplus** (Note 11) | **$ 13,004,430** | $ 12,232,667 |

Contingent liabilities (Note 12)

**Approved on behalf of the Chief and Council**

______________________, **Chief**

______________________, **Councillor**

## Beaver Lake Cree Nation

**_Consolidated Statement of Operations and Accumulated Surplus_**

| For the year ended March 31 | 2018 Budget | 2018 Actual | 2017 Actual |
|---|---|---|---|
| **Revenue** | | | |
| Federal Government: | | | |
| Indigenous Services Canada | $ 4,383,064 | $ 5,134,713 | $ 4,016,604 |
| Health Canada | 2,750,285 | 3,054,874 | 2,849,473 |
| Canada Mortgage and Housing Corporation | 106,200 | 122,968 | 123,518 |
| Human Resource Development Canada | 113,523 | 416,887 | 421,636 |
| Interest | - | 45,351 | 42,475 |
| Resource revenue | - | 128,079 | 148,693 |
| First Nation Development Funds | - | 596,827 | 661,307 |
| Other revenue | 1,636,151 | 8,347,033 | 7,452,787 |
| | 8,989,223 | 17,846,732 | 15,716,493 |
| **Expenses** (Note 13) | | | |
| Education | 2,584,996 | 3,015,791 | 2,370,194 |
| Health | 2,910,463 | 3,130,294 | 2,937,561 |
| Economic Development | 55,513 | 3,610,606 | 3,241,444 |
| Housing | 1,131,710 | 800,126 | 544,852 |
| Social Services | 870,117 | 632,293 | 745,725 |
| Band Government | 803,955 | 1,862,074 | 1,682,104 |
| Employment Programs | - | 252,425 | 250,925 |
| Public Works | 625,254 | 1,448,974 | 1,468,054 |
| Amortization | 1,007,602 | 1,007,602 | 972,150 |
| Intergovernmental | - | 1,314,784 | 1,916,763 |
| | 9,989,610 | 17,074,969 | 16,129,772 |
| **Excess (deficiency) of revenue over expenses** | (1,000,387) | 771,763 | (413,279) |
| **Accumulated surplus, beginning of year** | 12,232,667 | 12,232,667 | 12,645,946 |
| **Accumulated surplus, end of year** | $ 11,232,280 | $ 13,004,430 | $ 12,232,667 |

## Beaver Lake Cree Nation

### Consolidated Statement of Change in Net Financial Assets

| For the year ended March 31 | 2018 Budget | 2018 Actual | 2017 Actual |
|---|---|---|---|
| **Excess (deficiency) of revenue over expenses** | $ (1,000,387) | $ 771,763 | $ (413,279) |
| Acquisition of tangible capital assets | - | (634,391) | (16,175) |
| Amortization of tangible capital assets | 1,007,602 | 1,007,602 | 972,150 |
| Loss on disposition of tangible capital assets | - | - | 8,608 |
| | 1,007,602 | 373,211 | 964,583 |
| Use prepaid assets | - | 11,806 | (2,206) |
| Acquisition of inventory | - | 17,123 | (14,404) |
| **Increase in net financial assets** | 7,215 | 1,173,903 | 534,694 |
| **Net financial assets, beginning of year** | 1,946,787 | 1,946,787 | 1,412,093 |
| **Net financial assets, end of year** | $ 1,954,002 | $ 3,120,690 | $ 1,946,787 |

## Beaver Lake Cree Nation

### Consolidated Statement of Cash Flow

| For the year ended March 31 | 2018 | 2017 |
|---|---|---|
| **Cash flows from** | | |
| **Operating activities** | | |
| Excess (deficiency) of revenue over expenses | $ 771,763 | $ (413,279) |
| Items not affecting cash | | |
| Amortization | 1,007,602 | 972,150 |
| Loss on disposal of tangible capital assets | - | 8,608 |
| | 1,779,365 | 567,479 |
| Change in non-cash operating working capital | | |
| Accounts receivable | (664,156) | 291,081 |
| Inventory | 17,123 | (14,403) |
| Prepaid expenses | 11,806 | (2,207) |
| Other trust funds | (506,535) | (446,413) |
| Accounts payable and accrued liabilities | 492,070 | (405,248) |
| Deferred revenue | 34,670 | 623,760 |
| | 1,164,343 | 614,049 |
| **Capital activities** | | |
| Purchase of capital assets | (634,391) | (16,174) |
| **Financing activities** | | |
| Repayment of long term debt | (589,345) | (623,191) |
| Net funds drawn from Trust Funds held in Ottawa | - | 400,000 |
| | (589,345) | (223,191) |
| **Investing activities** | | |
| Purchase of long-term investments | (173,429) | (191,168) |
| | (173,429) | (191,168) |
| **Increase (decrease) in cash and cash equivalents** | (232,822) | 183,516 |
| **Cash and cash equivalents, beginning of year** | 2,310,798 | 2,127,282 |
| **Cash and cash equivalents, end of year** | $ 2,077,976 | $ 2,310,798 |

## 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 Chartered Professional Accountants of Canada.

### (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.

## 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 Beaver Lake Cree Nation's incremental cost of borrowing.

*Amortization is provided for on a straight-line basis over their estimated useful lives 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 | 10 years | Straight-line |

Tangible capital assets are written down when conditions indicate that they no longer contribute to Beaver Lake Cree 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, including recognized interest in reserve lands and natural resources, as well as 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.

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

**(g) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

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

| | **2018** | 2017 |
|---|---|---|
| Externally restricted | | |
| Province of Alberta | **$ 413,414** | $ 496,760 |
| Canada Mortgage and Housing Corporation reserves | **1,811** | 1,811 |
| | **415,225** | 498,571 |
| Unrestricted | | |
| General accounts | **1,662,751** | 1,812,227 |
| | **$ 2,077,976** | $ 2,310,798 |

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 $200,000 bearing interest at prime rate + 2% (5.75%). The facilities are secured by a redirection of funds, as authorized by First Nation Council Resolutions acknowledged by the Department of Indigenous Services Canada. At March 31, 2018, the accounts were overdrawn by $Nil (2017: $Nil).

## 3. Accounts receivable

| | 2018 | 2017 |
|---|---|---|
| **Federal government funding** | | |
| *Indigenous Services Canada* | $ 66,934 | $ 70,086 |
| Health Canada | - | 42,979 |
| | 66,934 | 113,065 |
| **Band members** | | |
| Loans and advances | 160,875 | 152,398 |
| Allowance for doubtful accounts | (110,608) | (110,608) |
| | 50,267 | 41,790 |
| **Other** | | |
| Province of Alberta - First Nation Development Funds | 121,100 | 120,768 |
| Government of Alberta | 830,416 | - |
| Miscellaneous receivables | 320,748 | 449,686 |
| | 1,272,264 | 570,454 |
| | $ 1,389,465 | $ 725,309 |

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

## 4. Long-term investments

| | 2018 | 2017 |
|---|---|---|
| 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 | 60,056 | 60,056 |
| 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 | 100 |
| Beaver Lake Cree Nation Holdings GP Inc. (100%) | 100 | 100 |
| | $ 60,578 | $ 60,578 |

## 5. Trust funds

| | 2018 Opening balance | Additions | 2018 Closing balance |
|---|---|---|---|
| Capital | $ 1,884,974 | $ 48,686 | $ 1,933,660 |
| Revenue | 102,278 | 124,744 | 227,022 |
| | $ 1,987,252 | $ 173,430 | $ 2,160,682 |

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 bonds and equities. The allocation of investments at March 31 was as follows:

| | **2018 Cost** | 2018 Market | 2017 Cost | 2017 Market |
|---|---|---|---|---|
| Pooled funds | **$ 1,168,549** | $ 1,160,901 | $ 1,056,154 | $ 1,056,411 |
| Canadian equities | **313,199** | 342,746 | 270,470 | 290,315 |
| US equities | **720,122** | 770,285 | 368,711 | 394,396 |
| | **$ 2,201,870** | $ 2,273,932 | $ 1,695,335 | $ 1,741,122 |

## 7. Deferred revenue

| | March 31, 2017 | Funding received, 2018 | Revenue recognized, 2018 | **March 31, 2018** |
|---|---|---|---|---|
| **Federal government** | | | | |
| Health Canada | $ 91,850 | $ 3,013,642 | $ (3,054,874) | **$ 50,618** |
| ISC - Post Secondary | 34,705 | 218,005 | (214,108) | **38,602** |
| ISC - LEDSP Planning | 85,500 | 2,250 | (85,500) | **2,250** |
| ISC - Other Economic Development | 30,750 | - | (30,750) | **-** |
| ISC - Social Services | 132,396 | 531,245 | (470,100) | **193,541** |
| ISC - Housing | - | 578,500 | (378,500) | **200,000** |
| ISC - Skills Link | 150,000 | - | (150,000) | **-** |
| ISC - Tuition | 13,566 | 672,733 | (686,299) | **-** |
| ISC - Wastewater | 250,000 | - | (250,000) | **-** |
| | 788,767 | 5,016,375 | (5,320,131) | **485,011** |
| **Provincial Government** | | | | |
| First Nation Development Funds | 338,114 | 511,295 | (596,827) | **252,582** |
| **Other** | | | | |
| Insurance proceeds - Housing | 142,465 | - | (142,465) | **-** |
| Building Bridges program | 106,016 | - | (106,016) | **-** |
| Health Centre Daycare | - | 204,913 | (190,474) | **14,439** |
| Beaver Store Expansion project | - | 658,000 | - | **658,000** |
| | 248,481 | 862,913 | (438,955) | **672,439** |
| | $ 1,375,362 | $ 6,390,583 | $ (6,355,913) | **$ 1,410,032** |

## 8. Long-term debt

| | **2018** | 2017 |
|---|---|---|
| Canada Mortgage and Housing Corporation mortgage with payments of $819 per month including interest at 1.19% maturing April 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units. | **$ 66,763** | $ 75,745 |
| Canada Mortgage and Housing Corporation mortgage with payments of $1,179 per month including interest at 1.3% maturing September 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units. | **101,155** | 113,915 |

## 8. Long-term debt, continued

| | **2018** | 2017 |
|---|---|---|
| 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 Indigenous Services Canada and a first mortgage on housing units. | **112,068** | 122,013 |
| Canada Mortgage and Housing Corporation mortgage with payments of $1,160 per month including interest at 1.92% maturing February 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units. | **115,351** | 124,763 |
| Canada Mortgage and Housing Corporation mortgage with payments of $1,078 per month including interest at 1.43% maturing March 2032, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units. | **164,344** | 174,894 |
| 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 Indigenous Services Canada and a first mortgage on housing units. | **134,888** | 146,297 |
| 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 Indigenous Services Canada and a first mortgage on housing units. | **573,638** | 595,333 |
| Settlement repayable in annual installments of $416,666 without interest. | **1,250,000** | 1,666,667 |
| Canada Mortgage and Housing Corporation mortgage with payments of $1,160 per month including interest at 1.05% maturing February 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units. | **110,079** | 122,787 |
| John Deere finance contract loan - paid in full during the year. | **-** | 75,218 |
| | **$ 2,628,286** | $ 3,217,632 |

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

| | |
|---|---|
| 2019 | **$ 514,716** |
| 2020 | **516,350** |
| 2021 | **518,015** |
| 2022 | **103,039** |
| 2023 and thereafter | **976,166** |
| | **$ 2,628,286** |

## 9. Tangible capital assets

| | Cost | | | Accumulated amortization | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance, beginning of year | Additions | Balance, end of year | Balance, beginning of year | Amortization | Accumulated amortization on disposals | Balance, end of year | **2018 Net book value** |
| Land | $ 25,000 | $ - | $ 25,000 | $ - | $ - | $ - | $ - | $ 25,000 |
| Buildings | 12,250,792 | 138,817 | 12,389,609 | 5,245,787 | 451,928 | - | 5,697,715 | 6,691,894 |
| Automotive equipment | 1,281,818 | 63,000 | 1,344,818 | 1,071,383 | 120,956 | - | 1,192,339 | 152,479 |
| Computer equipment | 84,769 | - | 84,769 | 76,934 | 7,835 | - | 84,769 | - |
| Equipment | 3,538,415 | 47,495 | 3,585,910 | 2,926,831 | 153,145 | - | 3,079,976 | 505,934 |
| Infrastructure | 5,212,037 | 385,079 | 5,597,116 | 2,975,173 | 273,738 | - | 3,248,911 | 2,348,205 |
| | $ 22,392,831 | $ 634,391 | $ 23,027,222 | $ 12,296,108 | $ 1,007,602 | $ - | $ 13,303,710 | $ 9,723,512 |

| | Cost | | | Accumulated amortization | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance, beginning of year | Additions | Balance, end of year | Balance, beginning of year | Amortization | Accumulated amortization on disposals | Balance, end of year | 2017 Net book value |
| Land | $ 25,000 | $ - | $ 25,000 | $ - | $ - | $ - | $ - | $ 25,000 |
| Buildings | 12,250,792 | - | 12,250,792 | 4,799,408 | 446,379 | - | 5,245,787 | 7,005,005 |
| Automotive equipment | 1,281,818 | - | 1,281,818 | 957,963 | 113,420 | - | 1,071,383 | 210,435 |
| Computer equipment | 84,769 | - | 84,769 | 69,098 | 7,836 | - | 76,934 | 7,835 |
| Equipment | 3,522,239 | 16,176 | 3,538,415 | 2,776,124 | 142,098 | 8,609 | 2,926,831 | 611,584 |
| Infrastructure | 5,212,037 | - | 5,212,037 | 2,712,756 | 262,417 | - | 2,975,173 | 2,236,864 |
| | $ 22,376,655 | $ 16,176 | $ 22,392,831 | $ 11,315,349 | $ 972,150 | $ 8,609 | $ 12,296,108 | $ 10,096,723 |

## 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

| | **2018** | 2017 |
|---|---|---|
| Operating fund | $ **(115,727)** | $ (375,224) |
| Capital fund | **8,345,226** | 8,545,758 |
| Replacement reserve fund | **412,379** | 379,546 |
| Trust funds | **4,362,552** | 3,682,587 |
| | $ **13,004,430** | $ 12,232,667 |

## 12. Contingent liabilities

*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.

## 13. Expenses

| For the year ended March 31 | 2018 Budget | 2018 Actual | 2017 Actual |
|---|---|---|---|
| Administration fees | $ 69,710 | $ 134,906 | $ 85,590 |
| Amortization | 1,007,602 | 1,007,602 | 972,149 |
| Cultural events | 221,200 | 397,135 | 336,328 |
| Donations and advertising | 16,000 | 20,025 | 24,706 |
| Education and tuition fees | 896,911 | 924,127 | 821,314 |
| Feasibility study - store | - | 3,600 | - |
| Food and kitchen supplies | 110,618 | 107,041 | 113,046 |
| Insurance | - | 169,971 | 183,365 |
| Interest and bank charges | 20,000 | 26,105 | 12,755 |
| Loan payments | 20,000 | 19,108 | 25,683 |
| Materials and supplies | 319,846 | 3,653,982 | 3,288,358 |
| Office expenses | 188,254 | 395,413 | 367,683 |
| Professional fees | 169,025 | 813,851 | 775,605 |
| Program costs | 383,655 | 744,633 | 1,129,366 |
| Renovation | 938,500 | 532,009 | 137,118 |
| Rent | 23,400 | 31,889 | 34,710 |
| Repairs and maintenance | 243,605 | 396,699 | 471,878 |
| Social assistance | 586,270 | 364,861 | 525,471 |
| Subcontracts | 241,482 | 433,323 | 320,655 |
| Travel | 310,274 | 672,966 | 509,943 |
| Utilities and telephone | 159,284 | 522,812 | 329,531 |
| Vehicle | 91,492 | 166,866 | 158,820 |
| Wages and benefits | 3,869,740 | 5,364,123 | 5,282,146 |
| Workshops and training | 102,742 | 171,922 | 223,552 |
| | $ 9,989,610 | $ 17,074,969 | $ 16,129,772 |

## 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 | Health | Economic Development | Social Services | Band Programs | Housing and Public works | Ottawa Trust Funds | Intergovernmental | 2018 Total |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | | | | | | | | | |
| ISC | $2,468,797 | - | $212,175 | $588,374 | $513,089 | $1,352,278 | - | $ - | $5,134,713 |
| Health Canada | - | 3,054,874 | - | - | - | - | - | - | 3,054,874 |
| HRD Canada | - | 164,462 | - | - | 252,425 | - | - | - | 416,887 |
| CMHC | - | - | - | - | - | 122,968 | - | - | 122,968 |
| Resource revenue | - | - | - | - | - | - | 128,079 | - | 128,079 |
| Interest | - | - | - | - | - | - | 45,351 | - | 45,351 |
| Other Revenue | 796,202 | 29,481 | 3,586,812 | 43,998 | 2,040,806 | 1,155,433 | - | 1,291,128 | 8,943,860 |
| | 3,264,999 | 3,248,817 | 3,798,987 | 632,372 | 2,806,320 | 2,630,679 | 173,430 | 1,291,128 | 17,846,732 |
| Expenses | | | | | | | | | |
| Wages and benefits | 1,200,270 | 1,854,653 | 367,524 | 178,932 | 974,212 | 543,815 | - | 244,717 | 5,364,123 |
| Amortization | - | - | - | - | 1,007,602 | - | - | - | 1,007,602 |
| Materials and supplies | 307,593 | 20,894 | 3,191,073 | 2,689 | 68,469 | 63,264 | - | - | 3,653,982 |
| Utilities and telephone | 36,938 | 74,880 | 5,407 | 1,008 | 136,411 | 169,531 | - | 98,637 | 522,812 |
| Program costs | 3,357 | 26,216 | - | 10,352 | 421,182 | 93,590 | - | 189,936 | 744,633 |
| Other expenses | 1,467,633 | 1,153,651 | 46,602 | 439,312 | 514,225 | 1,378,900 | - | 781,494 | 5,781,817 |
| | 3,015,791 | 3,130,294 | 3,610,606 | 632,293 | 3,122,101 | 2,249,100 | - | 1,314,784 | 17,074,969 |
| | $ 249,208 | $ 118,523 | $ 188,381 | $ 79 | $ (315,781) | $ 381,579 | $ 173,430 | $ (23,656) | $ 771,763 |

## 14. Segmented information, continued

| | Education | Health | Economic Development | Social Services | Band Programs | Housing and Public works | Ottawa Trust Funds | Intergovernmental | 2017 Total |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| ISC | $2,013,405 | - | $55,513 | $668,419 | $543,592 | $735,675 | - | $ - | $4,016,604 |
| Health Canada | - | 2,849,473 | - | - | - | - | - | - | 2,849,473 |
| HRD Canada | - | 170,711 | - | - | 250,925 | - | - | - | 421,636 |
| CMHC | - | - | - | - | - | 123,518 | - | - | 123,518 |
| Resource revenue | - | - | - | - | - | - | 148,693 | - | 148,693 |
| Interest | - | - | - | - | - | - | 42,475 | - | 42,475 |
| Other Revenue | 443,452 | 51,183 | 3,725,646 | 67,344 | 1,170,279 | 1,136,600 | (400,000) | 1,919,590 | 8,114,094 |
| | 2,456,857 | 3,071,367 | 3,781,159 | 735,763 | 1,964,796 | 1,995,793 | (208,832) | 1,919,590 | 15,716,493 |
| **Expenses** | | | | | | | | | |
| Wages and benefits | 1,016,374 | 1,864,403 | 199,247 | 146,833 | 975,343 | 635,387 | - | 450,689 | 5,288,276 |
| Amortization | - | - | - | - | 972,150 | - | - | - | 972,150 |
| Materials and supplies | 103,208 | 12,300 | 2,978,005 | 21,966 | 67,608 | 105,271 | - | - | 3,288,358 |
| Utilities and telephone | 33,538 | 43,587 | 4,884 | 1,205 | 69,454 | 163,544 | - | 13,319 | 329,531 |
| Program costs | 10,126 | 53,061 | - | 22,331 | 329,040 | 170,596 | - | 544,212 | 1,129,366 |
| Other expenses | 1,206,948 | 964,210 | 27,541 | 553,390 | 523,351 | 938,108 | - | 908,543 | 5,122,091 |
| | 2,370,194 | 2,937,561 | 3,209,677 | 745,725 | 2,936,946 | 2,012,906 | - | 1,916,763 | 16,129,772 |
| | $ 86,663 | $ 133,806 | $ 571,482 | $ (9,962) | $ (972,150) | $ (17,113) | $ (208,832) | $ 2,827 | $ (413,279) |

## 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 2018 were $88,168 (2017: $81,894).

## 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 Indigenous Services Canada and Health Canada.

## 19. Financial instruments

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

It is 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.

## Beaver Lake Cree Nation

### Consolidated Consolidated Summary Schedule of Operations by Program

| For the year ended March 31, 2018 | Page | ISC Funds | Other Revenue | Total Revenue | Total Expenses | Surplus (Deficit) |
|---|---|---|---|---|---|---|
| Education | | | | | | |
| School Transportation | 25 | $ 140,257 | $ 154,600 | $ 294,857 | $ 263,500 | $ 31,357 |
| Post Secondary | 26 | 214,108 | - | 214,108 | 214,108 | - |
| School - Programs | 27 | 1,189,714 | 629,602 | 1,819,316 | 1,553,617 | 265,699 |
| School - Operations and Maintenance | 28 | 157,632 | - | 157,632 | 157,632 | - |
| School - Cultural Program | 29 | 57,106 | 12,000 | 69,106 | 113,375 | (44,269) |
| School - ISC Set Funding | 30 | 709,980 | - | 709,980 | 713,559 | (3,579) |
| | | 2,468,797 | 796,202 | 3,264,999 | 3,015,791 | 249,208 |
| Health | | | | | | |
| Treatment Centre Program | 31 | - | 1,596,847 | 1,596,847 | 1,496,029 | 100,818 |
| Treatment Centre O & M | 32 | - | 99,208 | 99,208 | 99,208 | - |
| Health Centre - Daycare | 33 | - | 169,462 | 169,462 | 169,462 | - |
| Other programs | 34 | - | 21,012 | 21,012 | 20,283 | 729 |
| Health Center - Health Canada Program | 35 | - | 1,362,288 | 1,362,288 | 1,345,312 | 16,976 |
| | | - | 3,248,817 | 3,248,817 | 3,130,294 | 118,523 |
| Economic Development | | | | | | |
| Economic Development | 36 | 212,175 | 42,492 | 254,667 | 214,578 | 40,089 |
| BLCN Store | 37 | - | 3,544,320 | 3,544,320 | 3,396,028 | 148,292 |
| Other Economic Development | 38 | - | - | - | - | - |
| | | 212,175 | 3,586,812 | 3,798,987 | 3,610,606 | 188,381 |
| Housing | | | | | | |
| Housing | 39 | 378,500 | 516,366 | 894,866 | 800,126 | 94,740 |
| Social Services | | | | | | |
| Social Services Delivery | 40 | 119,534 | - | 119,534 | 119,534 | - |
| Social Assistance | 41 | 408,595 | - | 408,595 | 408,595 | - |
| National Child Benefit | 42 | - | - | - | - | - |
| Adult In Home Care | 43 | 60,245 | - | 60,245 | 60,245 | - |
| Social development - Pre-Employment | 44 | - | 43,998 | 43,998 | 43,919 | 79 |
| | | 588,374 | 43,998 | 632,372 | 632,293 | 79 |

## Beaver Lake Cree Nation

### Consolidated Summary Schedule of Operations by Program, continued

| For the year ended March 31, 2018 | Page | ISC Funds | Other Revenue | Total Revenue | Total Expenses | Surplus (Deficit) |
|---|---|---|---|---|---|---|
| Band Government | | | | | | |
| Chief and Council | 45 | - | 346,754 | 346,754 | 346,754 | - |
| Administration | 46 | 513,089 | 1,694,052 | 2,207,141 | 1,515,320 | 691,821 |
| | | 513,089 | 2,040,806 | 2,553,895 | 1,862,074 | 691,821 |
| Employment Programs | | | | | | |
| ASETS-CRF | 47 | - | 183,774 | 183,774 | 183,774 | - |
| ASETS-EI | 48 | - | 68,651 | 68,651 | 68,651 | - |
| | | - | 252,425 | 252,425 | 252,425 | - |
| Public Works | | | | | | |
| First Nation Development Funds | 49 | - | 620,328 | 620,328 | 469,090 | 151,238 |
| Technical Services | 50 | 584,690 | 141,669 | 726,359 | 819,554 | (93,195) |
| Water Treatment Plant | 51 | 389,088 | 38 | 389,126 | 160,330 | 228,796 |
| | | 973,778 | 762,035 | 1,735,813 | 1,448,974 | 286,839 |
| Amortization | | | | | | |
| Amortization | 52 | - | - | - | 782,400 | (782,400) |
| Capital transactions - Health Centre | 53 | - | - | - | 34,790 | (34,790) |
| Capital transactions - School | 54 | - | - | - | 32,165 | (32,165) |
| Amortization | 55 | - | - | - | 158,247 | (158,247) |
| | | - | - | - | 1,007,602 | (1,007,602) |
| Ottawa Trust Funds | | | | | | |
| Trust transactions - Ottawa | 56 | - | 173,430 | 173,430 | - | 173,430 |
| Intergovernmental | | | | | | |
| Intergovernmental Affairs Operations | 57 | - | 1,291,128 | 1,291,128 | 1,314,784 | (23,656) |
| **Totals** | | **$ 5,134,713** | **$12,712,019** | **$17,846,732** | **$17,074,969** | **$ 771,763** |