

BEECHER BAY FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

BEECHER BAY FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

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BEECHER BAY FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2014

The accompanying consolidated financial statements of **Beecher Bay 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 CPA Canada and as such include amounts that are the best estimates and judgments of management.

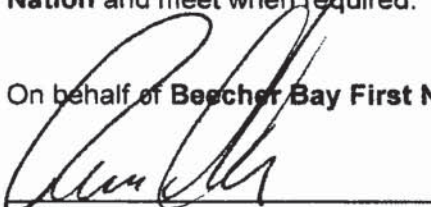
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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, Morrow & Co., 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 the financial management of **Beecher Bay First Nation** and meet when required.

On behalf of **Beecher Bay First Nation**:


Chief

Nov 13, 2014
Date


Councilor

Nov 13, 2014
Date


Councilor

Nov. 18/14
Date

Independent Auditor's Report

To the Members of
Beecher Bay First Nation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Beecher Bay First Nation**, which comprise the consolidated statement of financial position as at **March 31, 2014**, and the consolidated statements of revenue, expenses and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting 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 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.

Basis for Qualified Opinion

Canadian public sector accounting standards require that tangible capital assets be recorded for each major category including roads and bridges, buildings, water and other utility systems, etc. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. We are not able to determine the adjustments that might have been necessary to tangible capital assets, amortization and the equity in the Tangible Capital Assets Fund.

Beecher Bay First Nation holds a 20% investment in Salish Strait Seafoods Ltd. We are unable to satisfy ourselves as to the carrying value of the investment because the company has not had audited financial statements prepared since incorporation. In addition, the financial information for Beecher Bay GP Ltd. and Spirit Bay Developments Limited Partnership are not available as of the date of the independent auditor's report. Consequently, we are not able to determine whether any adjustment might be necessary to the investment in government business enterprises and government business partnership, their income and loss and their fund balances.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Beecher Bay 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.

Vancouver, B.C.
November 10, 2014

Morrow & Co.

CERTIFIED GENERAL ACCOUNTANTS

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ -	\$ 256,817
Accounts receivable (Note 4)	387,946	110,281
Trust funds held by federal government (Note 5)	15,334	15,118
Investment in government business enterprises (Note 6)	103,325	89,557
Inventory for resale	15,730	21,221
	522,335	492,994
LIABILITIES		
Bank indebtedness (Note 3)	136,922	-
Short-term financing (Note 8)	70,000	-
Accounts payable and accrued liabilities (Note 9)	323,948	592,103
Deferred revenue (Note 10)	221,303	220,691
Long-term debt (Note 11)	1,219,650	1,316,060
	1,971,823	2,128,854
NET DEBT	(1,449,488)	(1,635,860)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	1,892,592	2,099,497
Prepaid expenses (Note 14)	32,016	33,841
	1,924,608	2,133,338
ACCUMULATED SURPLUS	\$ 475,120	\$ 497,478
FUND BALANCES		
Operating	\$ (507,687)	\$ (592,643)
Ottawa Trust Fund	15,334	15,118
Operating Reserve Fund - Social Housing	84,663	83,083
Replacement Reserve Fund - Social Housing	169,864	168,481
Tangible Capital Assets	712,946	823,439
ACCUMULATED SURPLUS	\$ 475,120	\$ 497,478

APPROVED ON BEHALF OF THE BEECHER BAY FIRST NATION

 Chief

 Councillor

 Councillor

The accompanying notes are an integral part of the financial statements

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ (22,358)	\$ 53,158
Acquisition of tangible capital assets	-	(18,687)	(127,410)
Amortization of tangible capital assets	-	225,592	222,708
	-	206,905	95,298
Acquisition of prepaid assets	-	(32,016)	(33,841)
Use of prepaid asset	-	33,841	33,281
	-	1,825	(560)
INCREASE IN NET FINANCIAL ASSETS	-	186,372	147,896
NET DEBT, BEGINNING OF YEAR	-	(1,635,860)	(1,783,756)
NET DEBT, END OF YEAR	\$ -	\$ (1,449,488)	\$ (1,635,860)

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013 Actual
REVENUE			
AANDC	\$ -	\$ 1,375,443	\$ 1,732,411
AANDC Recovery	-	(61,460)	(17,425)
AANDC Reimbursement	-	7,862	-
Deferred revenue - current year	-	(194,174)	(193,562)
Deferred revenue - prior year	-	193,562	-
Canada Mortgage and Housing Corporation	-	65,733	66,178
Consolidated Revenue Trust	-	1,184	763
First Nation Organizations (Note 13)	-	376,721	342,141
Fisheries and Oceans Canada	-	55,700	41,205
Kinder Morgan	-	40,000	-
Natural Resources Canada	-	81,040	52,973
Provincial Government	-	10,323	10,323
Net income from Band Incorporated Business	-	13,768	49,921
Revenue from Band Unincorporated Business	-	417,340	572,584
TSD General Partner Inc.	-	562,571	-
Other revenue	-	405,058	178,145
	-	3,350,671	2,835,657
EXPENSES			
Indian Government Services	-	515,457	367,974
Education	-	125,023	132,383
Social Development	-	438,018	446,095
Land Management	-	314,552	261,623
Economic Development	-	1,088,184	672,596
Health and Day Care	-	191,750	182,796
Ottawa Trust Fund	-	968	963
Replacement Reserve Fund - Social Housing	-	17,617	1,439
Tangible Capital Assets	-	225,590	222,708
Community Infrastructure	-	570,967	714,468
	-	3,488,126	3,003,045
ANNUAL DEFICIT BEFORE OTHER	-	(137,455)	(167,389)
OTHER			
Acquisition of tangible capital assets	-	18,687	127,410
Principal repayment on long-term debt	-	96,410	93,137
	-	115,097	220,547
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ (22,358)	\$ 53,158

The accompanying notes are an integral part of the financial statements

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 497,478	\$ 444,320
ANNUAL SURPLUS (DEFICIT)	(22,358)	53,158
ACCUMULATED SURPLUS, END OF YEAR	\$ 475,120	\$ 497,478

The accompanying notes are an integral part of the financial statements

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (22,358)	\$ 53,158
Items not affecting cash:		
Amortization of tangible capital assets	225,590	222,708
	203,232	275,866
Change in non-cash items on statement of financial position:		
Accounts receivable	(277,665)	77,335
Inventory for resale	5,491	(8,408)
Prepaid expenses	1,825	(560)
Investment in government business enterprises	(13,768)	(49,922)
Accounts payable and accrued liabilities	(268,152)	64,972
Deferred revenue	612	175,876
Trust liability	-	(40,000)
	(348,425)	495,159
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(18,687)	(127,410)
FINANCING ACTIVITIES		
Long-term debt	(96,411)	(93,135)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(463,523)	274,614
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	271,935	(2,679)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (191,588)	\$ 271,935
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash and cash equivalents	\$ -	\$ 256,817
Bank indebtedness	(136,922)	-
Trust funds held by federal government	15,334	15,118
Short-term financing	(70,000)	-
	\$ (191,588)	\$ 271,935

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

1. NATURE OF OPERATIONS

Beecher Bay First Nation (the "First Nation") is an Indian Band as defined by the Indian Act. The First Nation manages various programs offered by Aboriginal Affairs and Northern Development Canada (AANDC) and other funding agents to benefit its members. The First Nation also represents its members in the negotiation of treaty settlement and specific land claims.

2. 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 CPA Canada.

(a) Reporting Entity

The First Nation reporting entity includes the Beecher Bay First Nation government and all related entities that are either owned or controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another organization, with the accompanying benefits or the risk of loss to the government from the other organization's activities. Control exists whether or not it is exercised by the government which holds it.

(b) Principles of Consolidation

The First Nation uses the modified equity method for reporting the investments in commercial enterprises and business partnership which meet the definition of government business enterprise and government business partnership, respectively. The modified equity method reports a commercial enterprise's and business partnership's net assets as an investment on the Statement of Financial Position. The net income of the commercial enterprises and business partnership is reported as investment income on the Statement of Operations. Inter-organizational transactions and balances are not eliminated. The accounting policies of commercial organizations are not adjusted to conform to those of other government organizations.

The commercial enterprises and business partnership accounted for on a modified equity basis include:

1. Salish Strait Seafoods Ltd. - a 20% owned government business enterprise which was incorporated in April 2011.
2. Scia'new Nation Investment Corporation - a wholly owned government business enterprise which has been dormant since it was incorporated in February 2013.
3. Beecher Bay GP Ltd. - a wholly owned subsidiary which was incorporated in August 2013.
4. Spirit Bay Developments Limited Partnership - a 50% owned government business partnership which was setup in August 2013.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

(c) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, which may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

(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) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

(f) Trust Funds

Trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds. The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

(g) Deferred Revenue

Under the terms of the contribution agreement between the First Nation, AANDC and certain other agencies, the First Nation may be liable to repay any contributed funds either not expended or not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue and/or accounts payable.

(h) Long-term Debt

Loan proceeds related to the financing of tangible capital assets are recorded as revenue in the appropriate fund. The loan amount is also recorded as a liability on the Statement of Financial Position and as a reduction in the Tangible Capital Asset Fund.

Debt payments, including principal and interest, are charged to the fund to which they relate. Principal reductions are reflected as a reduction in the liability with an offsetting increase in the Tangible Capital Asset Fund.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

(i) 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 Beecher Bay First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

On-reserve social housing	20 years Straight line
Office building	4 years Straight line
Water system chlorinator	30 years Straight line
Vehicles	10 years Straight line
Sewer systems	20 years Straight line
Furniture and equipment	5 years Straight line
Marina fuel tank	10 years Straight line
Application software	5 years Straight line
Boat for Fisheries operation	20 years Straight line
Canoe	20 years Straight line
Fisheries office building	20 years Straight line

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

Contributed tangible 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 tangible 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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

(j) Revenue Recognition

Government Funding:

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as such. In these circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

First Nation Capital and Revenue Trust Fund:

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Housing Rental Income:

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

Own Source Revenue:

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.

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.

(k) 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 flow, interest rate risk and credit risk.

Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. The fair market value of these financial instruments approximates their carrying value.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

(l) Net Financial Assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation are determined by liabilities less financial assets. Net financial assets are comprised of two components: non-financial assets and accumulated surplus.

(m) Measurement Uncertainty

In preparing the consolidated financial statements for the 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 allowance for doubtful accounts and amortization. Actual results could differ from these estimates.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

3. CASH AND CASH EQUIVALENTS

	2014	2013
Externally restricted:		
Operating Reserve	\$ -	\$ 23,151
Replacement Reserve	17,658	9,470
Trust Liability	8,358	66,424
	26,016	99,045
Unrestricted:		
Cash and banks (indebtedness)	(162,938)	157,772
Total Cash and Cash Equivalents	\$ (136,922)	\$ 256,817

Externally restricted - Operating Reserve:

Under the terms of the agreements with CMHC, excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. 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 CMHC from time to time. The funds may be used to offset future deficits. Withdrawals are credited to interest first and then principal. At the year end, the reserve was under funded by \$67,005 (2013: under funded by \$59,931).

Externally restricted - Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$19,000 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 CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the reserve was under funded by \$169,864 (2013: under funded by \$159,011).

Externally restricted - Trust Liability:

The balance represents a loan advance held on behalf of First Nation members regarding the First Nations On-Reserve Housing Loan Program provided by the Royal Bank. The First Nation is acting as both the guarantor and the trustee of the loan. The First Nation will release the funds to the First Nation members after receiving valid proof of expenditures.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

4. ACCOUNTS RECEIVABLE

	2014	2013
Due from members		
Member advances	\$ 7,215	\$ 4,956
Due from others		
TSD General Partner Inc.	249,382	-
New Relationship Trust	5,000	-
First Nation Tax Commission	5,000	-
Coast Salish Employment and Training Society	5,719	5,719
Te'mexw Treaty Association	11,730	5,000
Other receivables	5,901	4,024
	282,732	14,743
Due from government and other government organizations		
AANDC	7,680	1,761
Canada Mortgage and Housing Corporation	5,404	5,515
Department of Fisheries and Oceans	55,700	4,000
National Research Council Canada	-	52,973
Natural Resources Canada	29,215	26,333
	97,999	90,582
	\$ 387,946	\$ 110,281

5. 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 are primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdraws	2014 Total	2013 Total
Revenue	\$ 596	\$ 216	\$ -	\$ 812	\$ 596
Capital	14,522	-	-	14,522	14,522
	\$ 15,118	\$ 216	\$ -	\$ 15,334	\$ 15,118

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation holds the following investments in government business enterprises and these investments are recorded using the modified equity method.

	2014	2013
Salish Strait Seafoods Ltd.	\$ 103,324	\$ 89,556
Scia'new Nation Investment Corporation	1	1
	\$ 103,325	\$ 89,557

Beecher Bay GP Ltd. was incorporated in August 2013 and acts as the 1% general partner of the Spirit Bay Developments Limited Partnership which was setup in August 2013. The financial information for Beecher Bay GP Ltd. is not available as of the date of this report.

In accordance to the limited partnership agreement, the limited partnership will pay at least \$20,000 per month to Beecher Bay GP Ltd. as reimbursement of administrative expenses. The reimbursement will flow through to the First Nation for recovering the administrative expenses incurred due to the development project. During the year, the First Nation recorded \$120,000 as flow through payments from Beecher Bay GP Ltd.

7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIP

The Spirit Bay Developments Limited Partnership was setup in August 2013 for the development of a new sustainable community to be located on the reserve. The First Nation owns 49% of the limited partnership as a limited partner and Beecher Bay GP Ltd., a wholly owned government business enterprise, owns 1% of the limited partnership as a general partner. The financial information of the limited partnership is not available as of the date of this report.

During the year, the First Nation incurred \$282,571 of reimbursable expenses on behalf of TDS General Partner Inc., the other general partner of the limited partnership with 1% ownership.

In accordance to the limited partnership agreement, the First Nation will be compensated for a minimum of \$20,000 per month as an advance distribution for lost revenue from the campsite due to the commencement of the development project. The total cumulative compensation will not exceed \$2 million. During the year, the First Nation recorded \$160,000 as campsite replacement revenue.

8. SHORT-TERM FINANCING

The First Nation has an \$80,000 line of credit with the Royal Bank of Canada, payable on demand, which bears interest at the bank's prime rate plus 1.5% per annum. As at March 31, 2014, the First Nation utilized \$70,000 of the line of credit.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Accounts payable and accrued liabilities	\$ 140,786	\$ 435,607
Due to government agencies	123,413	146,524
AANDC Recovery	59,749	9,972
	\$ 323,948	\$ 592,103

10. DEFERRED REVENUE

	March 31, 2013	Funding received, 2014	Revenue recognized, 2014	March 31, 2014
Federal Funding				
Capital projects	\$ 27,129	\$ -	\$ -	\$ 27,129
AANDC Set Contribution	61,460	605,052	(622,422)	44,090
AANDC Fixed Contribution	132,102	605,796	(587,814)	150,084
	\$ 220,691	\$ 1,210,848	\$ (1,210,236)	\$ 221,303

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

11. LONG-TERM DEBT

	2014	2013
Royal Bank demand loan is payable at \$500 per month including interest at prime plus 1.50% per annum and is secured by a general asset assignment and is renewable in March 2015.	\$ 28,579	\$ 33,179
All Nation Trust loan is secured by a guarantee from AANDC, payable at \$1,903.75 per month including principal and interest at 4.85% per annum and is renewable on September 1, 2014.	101,618	118,592
CMHC housing loan is secured by a guarantee from AANDC, payable at \$2,066.07 per month including principal and interest at 2.11% per annum and is renewable on January 1, 2019.	314,205	331,377
CMHC housing loan is secured by a guarantee from AANDC, payable at \$2,064.95 per month including principal and interest at 2.56% per annum and is renewable on December 1, 2015.	249,856	268,020
CMHC housing loan is secured by a guarantee from AANDC, payable at \$2,907.06 per month including principal and interest at 2.61% per annum and is renewable on September 1, 2014.	315,865	342,176
CMHC housing loan is secured by a guarantee from AANDC, payable at \$965.45 per month including principal and interest at 2.69% per annum and is renewable on August 1, 2015.	188,455	194,904
Royal Bank demand loan is payable at \$644.25 per month including interest at prime plus 1% per annum and is secured by a general asset assignment and is renewable in April 2014.	21,072	27,812
	1,219,650	1,316,060
Current portion	98,816	96,410
	\$ 1,120,834	\$ 1,219,650

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

11. LONG-TERM DEBT, continued

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

2015	\$ 98,816
2016	101,881
2017	105,271
2018	107,698
2019 and thereafter	805,984

\$ 1,219,650

12. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
On-reserve social housing	\$ 2,540,767	\$ 1,320,211	\$ 1,220,556	\$ 1,347,595
Office building	104,629	45,914	58,715	61,213
Furniture and equipment	20,511	8,994	11,517	5,257
Water system chlorinator	100,160	36,726	63,434	66,773
Vehicles	10,800	1,080	9,720	-
Sewer systems	1,332,000	988,994	343,006	409,606
Marina fuel tank	255,900	193,484	62,416	70,745
Application software	37,940	36,960	980	8,568
Boat for Fisheries operation	88,537	15,329	73,208	77,635
Canoe	17,255	3,451	13,804	14,667
Fisheries office building	44,045	8,809	35,236	37,438
	\$ 4,552,544	\$ 2,659,952	\$ 1,892,592	\$ 2,099,497

13. FUNDING FROM FIRST NATION ORGANIZATIONS

	2014	2013
Coast Salish Employment & Training Society	\$ 69,460	\$ 69,460
First Nations Education Steering Committee	2,979	-
First Nation Health Authority	598	-
Inter Tribal Health Authority	199,549	201,928
New Relationship Trust	31,000	-
South Island Wellness Society	-	600
Te'mexw Treaty Association	73,135	70,153
	\$ 376,721	\$ 342,141

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

14. PREPAID EXPENSES

	2014	2013
Social assistance	\$ 25,835	\$ 33,736
Others	6,181	105
	\$ 32,016	\$ 33,841

15. EXPENSES BY OBJECT

	2014 Budget	2014 Actual	2013 Actual
Salaries and wages	\$ -	\$ 602,676	\$ 548,432
Sub-contracts	-	359,604	543,809
Social Development	-	355,842	374,854
Other	-	360,593	98,453
Repairs and maintenance	-	239,495	147,285
Professional fees	-	232,576	151,727
Amortization	-	225,590	222,708
Unincorporated business expenditure - COGS	-	189,727	133,120
Utilities	-	145,663	160,829
Principal repayment on long term debt	-	130,423	134,008
Office stationery and supplies	-	108,259	60,096
Education	-	104,329	100,734
Administration	-	98,113	39,186
Honoraria	-	91,450	93,366
Travel	-	56,055	53,073
Insurance	-	33,760	27,433
Construction	-	29,465	-
Health related	-	28,269	33,697
Training	-	19,653	7,682
Materials and supplies	-	13,251	9,835
Bank charges	-	10,904	5,565
Meetings and conventions	-	10,536	12,466
Culture awareness	-	10,350	2,721
Equipment rental	-	9,972	8,544
Vehicle	-	8,717	5,697
Credit card charges	-	6,653	5,084
Donations	-	5,908	-
Remediation expenses	-	293	-
CMHC Rent short fall	-	-	22,641
	\$ -	\$ 3,488,126	\$ 3,003,045

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

16. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue pursuant to a funding agreement with AANDC. The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue.

17. FEDERAL ASSISTANCE

Under the terms of the agreement with CMHC, pursuant to Section 95 of the National Housing Act, CMHC will provide federal assistance to the First Nation for social housing operations and financing. The level of assistance will be reviewed according to the interest rate at the time of the mortgage renewal. The amount of assistance received for the year ended March 31, 2014 was \$65,733 (2013: \$66,178).

The First Nation is required to guarantee an annual Minimum Revenue Contribution as determined by CMHC. If the First Nation does not assess the annual minimum rent from the tenants, it is required to contribute additional funds to make up the annual minimum rent contribution requirement. The annual minimum rent contribution is \$99,600.

18. CONTINGENT LIABILITIES

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, The First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on The First Nation's financial statements.

- a) AANDC Ministerial Guarantees for loans to the First Nation and individual members in the amount of \$1,070,607.
- b) The Royal Bank of Canada has entered into an agreement with the First Nation to provide the First Nations On-Reserve Housing Loan Program for qualified First Nation members with total advances not to exceed \$400,000. Funds under the Program are restricted to the purchase, construction or improvement of housing on the reserve. The First Nation is required to provide a separate guarantee for each qualified borrower. The maximum individual amount available is \$150,000 with a \$10,000 minimum amount. As of March 31, 2014, the First Nation has provided guarantees for a total of \$240,000 for two members.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

19. SUBSEQUENT EVENTS

On July 10, 2014, the First Nation entered into new credit facilities with Bank of Montreal (BMO) for a total facility limit not to exceed \$2,182,500. Included in the credit facility, BMO approved a loan for a facility limit not to exceed \$1.05 million for the First Nation to fund the Spirit Bay Developments Limited Partnership. The remaining facility included \$1 million for an On Reserve Home Loan Program, \$80,000 operating demand loan and \$52,000 non-revolving demand loan.

In July 2014, the First Nation withdrew \$1 million from the credit facility provided by BMO to fund the Spirit Bay Developments Limited Partnership.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

20. SEGMENTED INFORMATION

	Indian Government Services			Education		2013		2014		2013		2014		2013		2014	
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2014 Budget	2014 Actual	2014 Budget	2014 Actual	2014 Budget	2014 Actual	2014 Budget	2014 Actual	2014 Budget	2014 Actual	2014 Budget	2014 Actual
Revenues																	
AANDC	\$	\$	202,678 \$	-	130,984 \$	-	141,086 \$	-	-	-	-	-	-	-	-	-	-
AANDC Recovery	-	-	(6,738)	-	(5,961)	-	(14,402)	-	-	-	-	-	-	-	-	-	-
Other Government Departments	-	-	1,205	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	147,546	78,546	-	-	-	-	-	-	-	-	-	-	-	444,765	438,956	438,956
Total revenue	-	417,631	275,691	-	125,023	-	126,684	-	-	-	-	-	-	-	444,765	438,956	438,956
Expenses																	
Salaries and wages	-	69,945	54,303	-	6,928	-	18,393	-	-	-	-	-	-	-	-	-	-
Education	-	-	300	-	104,329	-	100,434	-	-	-	-	-	-	-	-	-	-
Interest, principal repayment and bank charges	-	6,597	1,704	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	436	(3,966)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	11,662	(886)	-	455	-	250	-	-	-	-	-	-	-	-	-	-
Other expenses	-	428,817	316,519	-	13,311	-	13,306	-	-	-	-	-	-	-	438,018	446,095	446,095
Total expenses	-	515,457	367,974	-	125,023	-	132,383	-	-	-	-	-	-	-	438,018	446,095	446,095
Annual surplus (deficit)	\$	\$	(97,826)\$	-	-	-	(5,899)\$	-	-	-	-	-	-	-	6,747 \$	(7,139)	(7,139)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

	Land Management			Economic Development			Health and Day Care		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues									
AANDC	\$ -	\$ 279,536 \$ (20,917)	279,536 \$ (65,537)	-	\$ 30,349 \$	11,149 \$	-	\$ -	-
AANDC Recovery	-	-	-	-	-	-	-	-	-
Other Government Departments	-	-	-	-	55,700	40,000	-	10,323	10,323
Net income from Band Incorporated Business	-	-	-	-	13,768	49,921	-	-	-
First Nation Organization	-	73,135	70,153	-	103,438	69,459	-	200,148	202,528
Other revenue	-	-	-	-	1,101,793	625,557	-	150	-
Total revenue	-	331,754	284,152	-	1,305,048	796,086	-	210,621	212,851
Expenses									
Salaries and wages	-	89,453	88,950	-	176,338	65,593	-	43,100	68,947
Repairs and maintenance	-	2,970	5,413	-	1,642	-	-	610	944
Other	-	3,139	24,393	-	198,690	-	-	28,382	9,932
Other expenses	-	218,990	142,867	-	711,514	607,003	-	119,658	102,973
Total expenses	-	314,552	261,623	-	1,088,184	672,596	-	191,750	182,796
Annual surplus (deficit)	\$ -	\$ 17,202 \$	22,529 \$	-	\$ 216,864 \$	123,490 \$	-	\$ 18,871 \$	30,055
	Ottawa Trust Fund Operating Reserve Fund - Social Housing Replacement Reserve Fund - Social Housing								
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues									
Consolidated Revenue Trust	\$ -	\$ 1,184 \$	763 \$	-	\$ -	\$ -	-	\$ -	-
Total revenue	-	1,184	763	-	-	-	-	-	-
Expenses									
Other expenses	-	968	963	-	-	-	-	17,617	1,439
Total expenses	-	968	963	-	-	-	-	17,617	1,439
Other	-	216	(200)	-	-	-	-	(17,617)	(1,439)
Annual surplus (deficit)	\$ -	\$ 216 \$	(200)\$	-	\$ -	\$ -	-	\$ 1,383 \$	17,561

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2014

20. SEGMENTED INFORMATION, continued

	Tangible Capital Assets			Community Infrastructure			Consolidated Totals		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues									
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 183,740	\$ 593,860	\$ -	\$ 894,694	\$ 1,228,309
AANDC Recovery	-	-	-	-	8,652	(59,164)	-	(18,226)	(145,841)
Other Government Departments	-	-	-	-	65,733	66,178	-	131,756	117,706
Consolidated Revenue Trust	-	-	-	-	-	-	-	1,184	763
Net income from Band Incorporated Business	-	-	-	-	-	-	-	13,768	49,921
First Nation Organization	-	-	-	-	-	-	-	376,721	342,140
Other revenue	-	-	-	-	256,520	99,600	-	1,950,774	1,242,659
Total revenue	-	-	-	-	514,645	700,474	-	3,350,671	2,835,657
Expenses									
Salaries and wages	-	-	-	-	36,134	40,484	-	421,898	336,670
Education	-	-	-	-	-	-	-	104,329	100,734
Interest, principal repayment and bank charges	-	-	-	-	131,483	133,920	-	138,080	135,624
Repairs and maintenance	-	-	-	-	193,428	38,864	-	199,086	41,255
Other	-	-	-	-	46,892	39,151	-	289,220	72,840
Other expenses	-	225,590	222,708	-	163,030	462,049	-	2,335,513	2,315,922
Total expenses	-	225,590	222,708	-	570,967	714,468	-	3,488,126	3,003,045
Other	-	(225,590)	(222,708)	-	(56,322)	(13,994)	-	(137,455)	(167,388)
Annual surplus (deficit)	\$ -	\$ (110,493)	(2,162)	\$ -	(75,322)	(32,994)	\$ -	(22,358)	\$ 53,158