

BEECHER BAY FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015



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CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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BEECHER BAY FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2015

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, Reid Hurst Nagy Inc., 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


Date


Councillor


Date


Councillor


Date

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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, 2015**, and the consolidated statements of revenue and expenses, by program, accumulated surplus, change in net debt, cash flows and the related schedules 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.

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 the government business enterprises and the 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 consolidated financial statements present fairly, in all material respects, the financial position of **Beecher Bay First Nation** as at **March 31, 2015** 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.

Reid Hunt Nagy Inc.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
January 13, 2016

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 194,849	\$ -
Accounts receivable (Note 5)	564,669	385,984
Trust funds held by federal government (Note 6)	14,676	15,334
Investment in government business enterprise (Note 7)	108,020	103,325
Notes receivable (Note 9)	1,000,000	-
Inventory for resale	15,730	15,730
	1,897,944	520,373
LIABILITIES		
Bank indebtedness (Note 4)	-	136,922
Short-term financing (Note 10)	-	70,000
Accounts payable and accrued liabilities (Note 11)	191,395	321,986
Deferred revenue (Note 12)	171,435	221,303
Long-term debt (Note 13)	2,142,684	1,219,650
	2,505,514	1,969,861
NET DEBT	(607,570)	(1,449,488)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14)	1,676,911	1,892,592
Prepaid expenses	58,606	32,016
	1,735,517	1,924,608
ACCUMULATED SURPLUS (Note 15)	\$ 1,127,947	\$ 475,120

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, 2015

	2015 Budget	2015 Actual	2014 Actual
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 652,827	\$ (22,359)
Acquisition of tangible capital assets	-	(3,431)	(18,687)
Amortization of tangible capital assets	-	219,112	225,592
	-	215,681	206,905
Acquisition of prepaid assets	-	(58,606)	(32,016)
Use of prepaid assets	-	32,016	33,841
	-	(26,590)	1,825
INCREASE IN NET FINANCIAL ASSETS	-	841,918	186,371
NET DEBT, BEGINNING OF YEAR	-	(1,449,488)	(1,635,859)
NET DEBT, END OF YEAR	\$ -	\$ (607,570)	\$ (1,449,488)

The accompanying notes are an integral part of the financial statements

BEECHER BAY FIRST NATION

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES, BY PROGRAM FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget	2015 Actual	2014 Actual
REVENUE			
AANDC	\$ -	\$ 1,337,002	\$ 1,375,443
AANDC Recovery	-	(78,744)	(53,598)
Canada Mortgage and Housing Corporation	-	64,098	65,733
Fisheries and Oceans Canada	-	60,000	55,700
National Research Council Canada	-	1,642	-
Natural Resources Canada	-	85,238	81,040
Consolidated Revenue Fund	-	941	1,184
Funding from Provincial Government	-	87,723	10,323
Funding from First Nation Organizations	-	378,849	376,721
Net income from GBE	-	4,695	13,768
Revenue from unincorporated business	-	428,739	417,340
Interest Income	-	63,123	-
Rental revenue	-	112,030	111,228
Other revenue	-	1,430,458	896,401
Deferred revenue - prior year	-	194,174	193,562
Deferred revenue - current year	-	(126,006)	(194,174)
	-	4,043,962	3,350,671
EXPENSES			
Indian Government Services	-	780,527	614,285
Education	-	126,983	125,023
Social Development	-	426,424	438,019
Land Management	-	263,844	314,552
Economic Development	-	1,082,088	1,099,849
Health and Day Care	-	273,068	191,750
Ottawa Trust Fund	-	1,598	968
Replacement Reserve Fund - Social Housing	-	848	(1,383)
Community Infrastructure	-	435,755	589,967
	-	3,391,135	3,373,030
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 652,827	\$ (22,359)

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, 2015

	2015	2014
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 475,120	\$ 497,479
ANNUAL SURPLUS (DEFICIT)	652,827	(22,359)
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,127,947	\$ 475,120

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, 2015

	2015	2014
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 652,827	\$ (22,359)
Items not affecting cash:		
Amortization of tangible capital assets	219,112	225,590
Net income from GBE	(4,695)	(13,768)
	867,244	189,463
Change in non-cash items on statement of financial position:		
Accounts receivable	(178,685)	(275,789)
Inventory for resale	-	5,491
Prepaid expenses	(26,590)	1,825
Accounts payable and accrued liabilities	(130,591)	(270,027)
Deferred revenue	(49,868)	612
	481,510	(348,425)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,431)	(18,687)
FINANCING ACTIVITIES		
Long-term debt	(100,966)	(96,411)
Proceed from long-term debt	1,024,000	-
Loan to government business partnership	(1,000,000)	-
	(76,966)	(96,411)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	401,113	(463,523)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(191,588)	271,935
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 209,525	\$ (191,588)
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash and cash equivalents	\$ 194,849	\$ -
Bank indebtedness	-	(136,922)
Trust funds held by federal government	14,676	15,334
Short-term financing	-	(70,000)
	\$ 209,525	\$ (191,588)

The accompanying notes are an integral part of the financial statements

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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) Adoption of New Public Sector Accounting (PSA) Standards

On April 1, 2014, the Council adopted the new Public Sector Accounting (PSA) standard PS3260 Liability for Contaminated Sites. Detailed information on the impact of the adoption of this new PSA standard is provided in Note 3 Accounting Changes.

(b) 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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

(c) Principles of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the Council. Controlled entities are consolidated, except for government business enterprises (GBE) which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The Council records its investments in GBE on the modified equity basis. Under the modified equity basis, the GBE accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The Council recognizes its equity interest in the annual earnings or loss of the GBE in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions that the Council may receive from the GBE will be reflected as deductions in the investment asset account.

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.

(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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

(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, 2015

(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:

Housing	20 years Straight line
Office building	25 years Straight line
Furniture and equipment	10 years Straight line
Water system chlorinator	30 years Straight line
Vehicle	10 years Straight line
Sewer systems	20 years Straight line
Marina equipment	10 years Straight line
Application software	5 years Straight line
Boat and Canoe	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, 2015

(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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

(k) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the Council to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at an amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at an amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss, calculated as the excess of the net recoverable amount of the asset and its carrying value, is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Council's financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, inventory for resale, long-term debt, deferred revenue, accounts payable and accrued liabilities. It is management's opinion that the First Nation is not exposed to significant interest rate, market, currency, credit, or liquidity risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying values.

(l) 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, 2015

3. ACCOUNTING CHANGES

On April 1, 2014, the First Nation adopted the new PS3260 Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the First Nation:
 - is directly responsible; or
 - accepts responsibility;
- the First Nation expects that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the First Nation 2015 financial statements.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

4. CASH AND CASH EQUIVALENTS

	2015	2014
Externally restricted:		
Replacement Reserve	\$ 12,901	\$ 17,658
Trust Liability	52	8,358
	12,953	26,016
Unrestricted:		
Cash and banks (indebtedness)	181,896	(162,938)
Total Cash and Cash Equivalents	\$ 194,849	\$ (136,922)

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 \$89,325 (2014: under funded by \$67,005).

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 \$169,016 (2014: under funded by \$169,864).

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, 2015

5. ACCOUNTS RECEIVABLE

	2015	2014
Due from members		
Member advances	\$ 10,670	\$ 7,215
Due from others		
Spirit Bay Developments Limited Partnership	371,180	249,382
Other receivables	64,331	31,388
	435,511	280,770
Due from government and other government organizations		
AANDC	-	7,680
Canada Mortgage and Housing Corporation	5,297	5,404
Department of Fisheries and Oceans	60,000	55,700
FNESC	2,353	-
First Nations New Energy Business Fund	30,000	-
Natural Resources Canada	20,838	29,215
	118,488	97,999
	\$ 564,669	\$ 385,984

6. 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	2015 Total	2014 Total
Revenue	\$ 812	\$ 940	\$ (1,598)	\$ 154	\$ 812
Capital	14,522	-	-	14,522	14,522
	\$ 15,334	\$ 940	\$ (1,598)	\$ 14,676	\$ 15,334

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

7. 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.

	2015	2014
Salish Strait Seafoods Ltd.	\$ 108,019	\$ 103,324
Scia'new Nation Investment Corporation	1	1
	\$ 108,020	\$ 103,325

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 \$240,000 (2014: \$240,000) as flow through payments from Beecher Bay GP Ltd.

8. 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 received \$20,612 from the limited partnership for the sale of lots.

During the year, the First Nation incurred \$232,488 (2014: \$282,571) of reimbursable expenses on behalf of TSD 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 \$240,000 (2014: \$240,000) as campsite replacement revenue.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

9. NOTES RECEIVABLE

The balance represents 1,000 Term Notes issued on July 18, 2014 by Spirit Bay Developments Limited Partnership. The term of a note is for 18 months from issuance, with interest at 9.0% per annum. During the year, the First Nation recorded \$63,123 of interest from the notes.

10. 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, 2015, the First Nation has no outstanding balance.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Accounts payable and accrued liabilities	\$ 74,943	\$ 138,824
Due to government agencies	42,038	123,413
AANDC	74,414	59,749
	\$ 191,395	\$ 321,986

12. DEFERRED REVENUE

	2015	2014
AANDC	\$ 156,435	\$ 221,303
Other	15,000	-
	\$ 171,435	\$ 221,303

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

13. LONG-TERM DEBT

	2015	2014
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 2016.	\$ 23,764	\$ 28,579
All Nation Trust loan is secured by a guarantee from AANDC, payable at \$1,888.65 per month including principal and interest at 4.99% per annum; Matures on April 1, 2019.	83,625	101,618
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; Matures on December 1, 2028 and is renewable on January 1, 2019.	295,838	314,205
CMHC housing loan is secured by a guarantee from AANDC, payable at \$2,064.96 per month including principal and interest at 2.56% per annum; Matures on November 1, 2025 and is renewable on December 1, 2015.	231,225	249,856
CMHC housing loan is secured by a guarantee from AANDC, payable at \$2,800.65 per month including principal and interest at 1.82% per annum; Matures on July 1, 2024 and is renewable on September 1, 2019.	288,347	315,865
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; Matures on August 1, 2035 and is renewable on August 1, 2015.	181,830	188,455
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 2015.	14,055	21,072
BMO Bank demand loan is interest only at prime plus 1.75% from the initial draw date to September 30, 2015, then blended monthly payments comprising of principal and interest to be paid monthly.	1,024,000	-
	2,142,684	1,219,650
Current portion	1,127,780	98,816
	\$ 1,014,904	\$ 1,120,834

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

13. LONG-TERM DEBT, continued

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

2016	\$ 1,127,780
2017	106,883
2018	109,092
2019	105,313
2020 and thereafter	693,616

\$ 2,142,684

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

14. TANGIBLE CAPITAL ASSETS

	<u>2015</u> <u>Cost</u>			<u>2015</u> <u>Accumulated amortization</u>			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2015 net book value
Housing	\$ 2,582,933	\$ 2,675	\$ 2,585,608	\$ 1,362,376	\$ 85,007	\$ 1,447,383	\$ 1,138,225
Office building	106,508	-	106,508	12,558	46,866	59,424	47,084
Furniture and equipment	20,511	756	21,267	8,994	1,622	10,616	10,651
Water system chlorinator	100,160	-	100,160	36,726	3,339	40,065	60,095
Vehicle	10,800	-	10,800	1,080	1,080	2,160	8,640
Sewer Systems	1,332,000	-	1,332,000	988,994	66,600	1,055,594	276,406
Marina equipment	255,900	-	255,900	193,485	8,328	201,813	54,087
Application software	37,940	-	37,940	36,960	980	37,940	-
Boat and Canoe	105,792	-	105,792	18,779	5,290	24,069	81,723
	\$ 4,552,544	\$ 3,431	\$ 4,555,975	\$ 2,659,952	\$ 219,112	\$ 2,879,064	\$ 1,676,911

	<u>2014</u> <u>Cost</u>			<u>2014</u> <u>Accumulated amortization</u>			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2014 Net book value
Housing	\$ 2,582,933	\$ -	\$ 2,582,933	\$ 1,235,338	\$ 127,038	\$ 1,362,376	\$ 1,220,557
Office building	106,508	-	106,508	7,856	4,702	12,558	93,950
Furniture and equipment	12,624	7,887	20,511	7,367	1,627	8,994	11,517
Water system chlorinator	100,160	-	100,160	33,387	3,339	36,726	63,434
Vehicle	-	10,800	10,800	-	1,080	1,080	9,720
Sewer Systems	1,332,000	-	1,332,000	922,394	66,600	988,994	343,006
Marina equipment	255,900	-	255,900	185,155	8,330	193,485	62,415
Application software	37,940	-	37,940	29,372	7,588	36,960	980
Boat and Canoe	105,792	-	105,792	13,490	5,289	18,779	87,013
	\$ 4,533,857	\$ 18,687	\$ 4,552,544	\$ 2,434,359	\$ 225,593	\$ 2,659,952	\$ 1,892,592

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

15. ACCUMULATED SURPLUS

	2015	2014
Restricted		
Ottawa Trust Fund	\$ 14,677	\$ 15,334
Operating Reserve Fund - Social Housing	102,226	84,663
Replacement Reserve Fund - Social Housing	169,016	169,864
	285,919	269,861
Unrestricted		
Indian Government Services	243,798	(507,687)
Invested in Tangible Capital Assets	598,230	712,946
	842,028	205,259
	\$ 1,127,947	\$ 475,120

16. 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, 2015 was \$64,098 (2014: \$65,733).

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.

17. 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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

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 \$999,125
- 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, 2015, 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, 2015

19. EXPENSES BY OBJECT

	2015 Budget	2015 Actual	2014 Actual
Salaries and wages	\$ -	\$ 734,632	\$ 602,676
Sub-contracts	-	467,183	359,604
Social development	-	348,083	355,842
Other	-	302,772	364,116
Professional fees	-	250,448	232,576
Unincorporated business expenditure - COGS	-	219,304	189,727
Amortization	-	219,112	225,591
Honoraria	-	206,521	91,450
Utilities	-	111,615	145,663
Education	-	94,847	104,329
Interest, principal repayment and bank charges	-	81,727	51,570
Travel	-	74,636	56,055
Administration	-	63,918	106,554
Office	-	56,716	97,095
Repairs and maintenance	-	36,969	220,808
Rental	-	28,384	9,972
Health related expenses	-	26,953	28,269
Training	-	20,070	19,653
Materials and supplies	-	16,964	13,251
Community gatherings/luncheons	-	16,261	9,736
Insurance	-	5,363	33,760
Donations	-	3,381	5,908
Vehicle	-	2,248	8,717
Culture awareness	-	1,980	10,350
Construction	-	1,048	29,465
Remediation expenses	-	-	293
	\$ -	\$ 3,391,135	\$ 3,373,030

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

20. SEGMENTED INFORMATION

	Indian Government Services				Education			Social Development		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	
Revenues										
AANDC	\$ -	\$ 310,298	270,085	\$ -	\$ 129,758	\$ 130,984	\$ -	\$ 451,538	\$ 480,749	
AANDC Recovery	-	(2,001)	(47)	-	-	(1,741)	-	(48,420)	(59,672)	
Rental revenue	-	8,400	11,628	-	-	-	-	-	-	
Other revenue	-	112,845	135,965	-	(2,775)	(4,220)	-	16,700	23,688	
Total revenue	-	429,542	417,631	-	126,983	125,023	-	419,818	444,765	
Expenses										
Salaries and wages	-	72,921	69,945	-	13,776	6,928	-	41,351	47,470	
Sub-contracts	-	276,730	189,760	-	500	-	-	1,759	4,000	
Social development	-	-	-	-	-	-	-	348,083	355,842	
Other	-	18,732	14,385	-	6	455	-	27,365	23,478	
Professional fees	-	95,915	58,083	-	100	-	-	-	-	
Amortization	-	207,451	213,926	-	-	-	-	-	-	
Honoraria	-	69,178	62,850	-	17,433	12,000	-	-	-	
Other expenses	-	39,600	5,336	-	95,168	105,640	-	7,866	7,229	
Total expenses	-	780,527	614,285	-	126,983	125,023	-	426,424	438,019	
Annual surplus (deficit)	\$ -	\$ (350,985)	\$ (196,654)	\$ -	\$ -	\$ -	\$ -	\$ (6,606)	\$ 6,746	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

	Land Management			Economic Development			Health and Day Care		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues									
AANDC	\$ -	\$ 204,536	\$ 279,536	\$ -	\$ 37,780	\$ 30,349	\$ -	\$ -	\$ -
Other Government Departments	-	-	-	-	81,642	55,700	-	-	-
Funding from Provincial Government	-	-	-	-	40,000	-	-	47,723	10,323
Funding from First Nation Organizations	-	80,370	73,135	-	79,959	103,438	-	218,520	200,148
Interest Income	-	-	-	-	63,123	-	-	-	-
Other revenue	-	4,704	(20,917)	-	1,834,763	1,115,561	-	-	150
Total revenue	-	289,610	331,754	-	2,117,267	1,305,048	-	266,243	210,621
Expenses									
Salaries and wages	-	118,881	89,453	-	354,207	309,646	-	80,037	43,100
Sub-contracts	-	-	31,500	-	82,175	92,181	-	66,319	21,403
Other	-	51,494	3,939	-	130,909	246,585	-	22,362	28,382
Professional fees	-	66,300	95,453	-	84,638	66,151	-	195	9,364
Amortization	-	-	-	-	11,661	11,665	-	-	-
Honoraria	-	1,050	13,150	-	107,380	1,050	-	2,850	2,400
Other expenses	-	26,119	81,057	-	311,118	372,571	-	101,305	87,101
Total expenses	-	263,844	314,552	-	1,082,088	1,099,849	-	273,068	191,750
Annual surplus (deficit)	\$ -	\$ 25,766	\$ 17,202	\$ -	\$ 1,035,179	\$ 205,199	\$ -	\$ (6,825)	\$ 18,871
	2015 Budget	Ottawa Trust Fund 2015 Actual	2014 Actual	Operating Reserve Fund - Social 2015 Budget	2015 Actual	Housing 2014 Actual	Replacement Reserve Fund - Social 2015 Budget	2015 Actual	Housing 2014 Actual
Revenues									
Other revenue	\$ -	\$ 941	\$ 1,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	941	1,184	-	-	-	-	-	-
Expenses									
Other expenses	-	1,598	968	-	-	-	-	848	(1,383)
Total expenses	-	1,598	968	-	-	-	-	848	(1,383)
Annual surplus (deficit)	\$ -	\$ (657)	\$ 216	\$ -	\$ -	\$ -	\$ -	\$ (848)	\$ 1,383

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015

20. SEGMENTED INFORMATION, continued

	Community Infrastructure			Consolidated Totals		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues						
AANDC	\$ -	\$ 203,092	\$ 183,740	\$ -	\$ 1,337,002	\$ 1,375,443
AANDC Recovery	-	(28,323)	-	-	(78,744)	(61,460)
Other Government Departments	-	64,098	65,733	-	125,740	121,433
Funding from Provincial Government	-	-	-	-	87,723	10,323
Funding from First Nation Organizations	-	-	-	-	378,849	376,721
Interest Income	-	-	-	-	63,123	-
Rental revenue	-	103,630	99,600	-	112,030	111,228
Other revenue	-	51,061	165,572	-	2,018,239	1,416,983
Total revenue	-	393,558	514,645	-	4,043,962	3,350,671
Expenses						
Salaries and wages	-	53,459	36,134	-	734,632	602,676
Sub-contracts	-	39,700	20,760	-	467,183	359,604
Social development	-	-	-	-	348,083	355,842
Other	-	51,904	46,892	-	302,772	364,116
Professional fees	-	3,300	3,525	-	250,448	232,576
Amortization	-	-	-	-	219,112	225,691
Honoraria	-	8,630	-	-	206,521	91,450
Other expenses	-	278,762	482,656	-	862,384	1,141,175
Total expenses	-	435,755	589,967	-	3,391,135	3,373,030
Annual surplus (deficit)	\$ -	\$ (42,197)	\$ (75,322)	\$ -	\$ 652,827	\$ (22,359)