

# **BEECHER BAY FIRST NATION**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

# BEECHER BAY FIRST NATION

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## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

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# BEECHER BAY FIRST NATION

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2016

The accompanying consolidated financial statements of Beecher Bay First Nation are the responsibility of management and have been approved by 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 the 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 financial management of Beecher Bay First Nation and meet when required.

On behalf of Beecher Bay First Nation:

  
Chief

  
Councillor

  
Councillor

Jan 9, 2017  
Date

Jan 9, 2017  
Date

Jan 9, 2017  
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, 2016, and the consolidated statements of revenue, expenses and 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 accumulated surplus for tangible capital assets.

*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, 2016 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 Hurst Nagy Inc.*

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

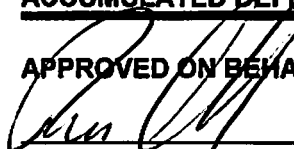

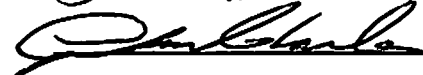
Vancouver, B.C.  
January 10, 2017

# BEECHER BAY FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 152,758	\$ 194,849
Trust funds held by federal government (Note 4)	14,667	14,676
Accounts receivable (Note 5)	49,764	193,489
Due from government business partnership (Note 6)	559,150	371,129
Investment in government business enterprise and partnership (Note 7)	(2,149,652)	(1,110,316)
Loan receivable (Note 8)	1,000,000	1,000,000
Inventory for resale	20,696	15,730
	(352,617)	679,557
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 10)	160,560	191,395
Deferred revenue (Note 11)	267,087	171,435
Long-term debt (Note 12)	2,019,853	2,142,684
	2,447,500	2,505,514
<b>NET DEBT</b>	<b>(2,800,117)</b>	<b>(1,825,957)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 13)	1,442,818	1,676,910
Prepaid expenses	63,069	58,609
	1,505,887	1,735,519
<b>ACCUMULATED DEFICIT</b>	<b>\$ (1,294,230)</b>	<b>\$ (90,438)</b>

APPROVED ON BEHALF OF THE BEECHER BAY FIRST NATION

 , Chief  
 Councillor  
 Councillor

# BEECHER BAY FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
<b>ANNUAL DEFICIT</b>	\$ (1,203,792)	\$ (205,776)
Acquisition of tangible capital assets	(5,848)	(3,430)
Amortization of tangible capital assets	214,535	219,112
Loss on disposal of tangible capital assets	25,405	-
	234,092	215,682
Acquisition of prepaid asset	(63,069)	(58,609)
Use of prepaid asset	58,609	32,017
	(4,460)	(26,592)
<b>INCREASE IN NET DEBT</b>	(974,160)	(16,686)
<b>NET DEBT, BEGINNING OF YEAR</b>	(1,825,957)	(1,809,271)
<b>NET DEBT, END OF YEAR</b>	<b>\$ (2,800,117)</b>	<b>\$ (1,825,957)</b>

# BEECHER BAY FIRST NATION

## CONSOLIDATED STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 Actual
<b>REVENUE</b>			
INAC	\$ -	\$ 1,331,989	\$ 1,337,002
INAC Recovery	-	(37,480)	(78,744)
Canada Mortgage and Housing Corporation	-	61,995	64,098
Fisheries and Oceans Canada	-	43,219	60,000
National Research Council Canada	-	-	1,642
Natural Resources Canada	-	38,963	85,238
Ottawa Trust Fund	-	887	941
Funding from Provincial Government	-	84,923	87,723
Funding from First Nation Organizations	-	382,223	378,849
Net loss from GBE and GBP	-	(1,039,336)	(853,909)
TSD	-	480,000	480,000
Revenue from unincorporated business	-	414,587	428,739
Rental revenue	-	101,800	112,030
Other revenue	-	145,273	950,458
Interest Income	-	90,000	63,123
Deferred revenue - prior year	-	141,006	194,174
Deferred revenue - current year	-	(235,792)	(126,006)
	-	2,004,257	3,185,358
<b>EXPENSES</b>			
Indian Government Services	-	644,430	780,527
Education	-	133,940	126,983
Social Development	-	392,241	426,423
Land Management	-	280,736	263,844
Economic Development	-	966,078	1,082,088
Health and Day Care	-	313,158	273,068
Ottawa Trust Fund	-	897	1,598
Replacement Reserve Fund - Social Housing	-	(10,485)	848
Community Infrastructure	-	487,054	435,755
	-	3,208,049	3,391,134
<b>ANNUAL DEFICIT</b>	-	<b>(1,203,792)</b>	<b>(205,776)</b>
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	-	(90,438)	115,338
<b>ACCUMULATED DEFICIT, END OF YEAR</b>	\$ -	\$ <b>(1,294,230)</b>	\$ <b>(90,438)</b>

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, 2016

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (1,203,792)	\$ (205,776)
Items not affecting cash		
Amortization of tangible capital assets	214,536	219,112
Net (income) loss from GBE and GBP	1,039,336	853,908
Loss on disposal of asset	25,405	-
	75,485	867,244
Change in non-cash items on statement of financial position		
Accounts receivable	143,725	(56,887)
Inventory for resale	(4,966)	-
Prepaid expenses	(4,462)	(26,590)
Accounts payable and accrued liabilities	(30,834)	(130,591)
Deferred revenue	95,652	(49,868)
Due to government business partnership	(188,021)	(121,798)
	86,579	481,510
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,848)	(3,430)
<b>FINANCING ACTIVITIES</b>		
Long-term debt	-	(100,966)
Proceed from long-term debt	(122,831)	1,024,000
Loan to government business partnership	-	(1,000,000)
	(122,831)	(76,966)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(42,100)	401,114
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	209,525	(191,589)
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 167,425</b>	<b>\$ 209,525</b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash and cash equivalents	\$ 152,758	\$ 194,849
Trust funds held by federal government	14,667	14,676
	<b>\$ 167,425</b>	<b>\$ 209,525</b>

The accompanying notes are an integral part of the financial statements

# BEECHER BAY FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 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 Indigenous and Northern Affairs Canada (INAC) 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 the 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 consolidated financial statements reflect the assets, liabilities, revenues, and expenses of entities which are controlled by the First Nation. Controlled entities are consolidated, except for government business enterprises (GBE), and government business partnerships (GBP), which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation.

The First Nation records its investments in GBE and GBP on the modified equity basis. Under the modified equity basis, the GBE and GBP accounting policies are not adjusted to conform with those of the First Nation and inter-entity transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE and GBP 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 First Nation may receive from the GBE and GBP will be reflected as deductions in the investment asset account.

The commercial enterprises and business partnerships 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 51% owned government business partnership which was setup in August 2013.

# BEECHER BAY FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### **(c) 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.

### **(d) 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.

### **(e) 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.

### **(f) Deferred Revenue**

Under the terms of the contribution agreement between the First Nation, INAC 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.

### **(g) 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### (h) 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### (i) 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### **(j) 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 First Nation 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 First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, loans receivable, inventory for resale, long-term debt, due from government business partnership, 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.

### **(k) 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, 2016

### 3. CASH AND CASH EQUIVALENTS

	2016	2015
Externally restricted		
Replacement Reserve	\$ 4,848	\$ 12,901
Unrestricted		
Cash and banks (indebtedness)	147,910	181,948
<b>Total Cash and Cash Equivalents</b>	<b>\$ 152,758</b>	<b>\$ 194,849</b>

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 \$82,653 (2015: under funded by \$89,325).

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 \$179,501 (2015: under funded by \$169,016).

Line of credits:

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, 2016, the First Nation has no outstanding balance.

### 4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds are primarily governed by Sections 63 to 69 of the Indian Act.

	Opening Balance	Additions	Withdraws	2016 Total	2015 Total
Revenue	\$ 154	\$ 887	\$ (896)	\$ 145	\$ 154
Capital	14,522	-	-	14,522	14,522
	<b>\$ 14,676</b>	<b>\$ 887</b>	<b>\$ (896)</b>	<b>\$ 14,667</b>	<b>\$ 14,676</b>

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 5. ACCOUNTS RECEIVABLE

	2016	2015
<b>Due from members</b>		
Member advances	\$ 6,144	\$ 10,670
<b>Due from others</b>		
Other receivables	32,258	64,331
<b>Due from government and other government organizations</b>		
INAC	2,000	-
Canada Mortgage and Housing Corporation	5,040	5,297
Department of Fisheries and Oceans	4,322	60,000
FNESC	-	2,353
First Nations New Energy Business Fund	-	30,000
Natural Resources Canada	-	20,838
	11,362	118,488
	<b>\$ 49,764</b>	<b>\$ 193,489</b>

### 6. DUE FROM GOVERNMENT BUSINESS PARTNERSHIP

Advances due from government business partnership are unsecured and without interest or any fixed terms of repayment.

### 7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIP

	2016	2015
Salish Strait Seafoods Ltd.	\$ 108,019	\$ 108,019
Scia'new Nation Investment Corporation	1	1
Spirit Bay Developments Limited Partnership	(2,257,672)	(1,218,336)
	<b>\$ (2,149,652)</b>	<b>\$ (1,110,316)</b>

The financial statements for Salish Strait Seafoods Ltd. are not available as of the date of this report.



# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 8. LOANS RECEIVABLE

The balance represents 1,000 Term Notes issued on July 18, 2014 by Spirit Bay Developments Limited Partnership. These notes bearing interest at 9% per annum. During the year, the First Nation received \$90,000 (2015: \$63,123) of interest from these notes.

### 9. RELATED PARTY TRANSACTIONS

During the year, the First Nation received \$28,564 (2015: \$20,612) from Spirit Bay Developments Limited Partnership for the subleased lots.

During the year, the First Nation incurred \$3,908 (2015: \$232,488) of reimbursable expenses on behalf of TSD General Partner Inc., the other general partner of the Spirit Bay Developments Limited Partnership with 1% ownership.

During the year, the First Nation received \$240,000 (2015: \$240,000) as campsite replacement revenue from the Spirit Bay Developments Limited Partnership..

During the year, the First Nation received \$240,000 (2015: \$240,000) as flow through payments from Beecher Bay GP Ltd.

Related party transactions are in the normal course of operations and have been measured at the exchange amount, which is the amount consideration established and agreed to by the related parties.

### 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Accounts payable and accrued liabilities	\$ 97,511	\$ 74,943
Due to government agencies	21,886	42,038
INAC	41,163	74,414
	<b>\$ 160,560</b>	<b>\$ 191,395</b>

### 11. DEFERRED REVENUE

	2016	2015
INAC	\$ 262,920	\$ 156,435
Other	4,167	15,000
	<b>\$ 267,087</b>	<b>\$ 171,435</b>

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 12. LONG-TERM DEBT

	2016	2015
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.	\$ 18,684	\$ 23,764
All Nation Trust loan is secured by a guarantee from INAC, payable at \$1,889 per month including principal and interest at 4.99% per annum; Matures on April 1, 2019.	64,967	83,625
CMHC Phase 002 housing loan is secured by a guarantee from INAC, payable at \$2,066 per month including principal and interest at 2.11% per annum; Matures on December 1, 2028 and is renewable on January 1, 2019.	277,095	295,838
CMHC Phase 001 housing loan is secured by a guarantee from INAC, payable at \$1,945 per month including principal and interest at 1.30% per annum; Matures on November 1, 2025 and is renewable on December 1, 2020.	211,818	231,225
CMHC Phase 003 housing loan is secured by a guarantee from INAC, payable at \$2,801 per month including principal and interest at 1.82% per annum; Matures on July 1, 2024 and is renewable on September 1, 2019.	259,742	288,347
CMHC Phase 004 housing loan is secured by a guarantee from INAC, payable at \$830 per month including principal and interest at 1.08% per annum; Matures on August 1, 2035 and is renewable on August 1, 2020.	174,335	181,830
Royal Bank demand loan is payable at \$644 per month including interest at prime plus 1% per annum and is secured by a general asset assignment and is renewable in April 2016.	6,731	14,055
Bank of Montreal loan is payable at \$6,700 per month including interest at prime plus 1.75% per annum and is secured by a general asset assignment and is renewable in July 2019.	1,006,481	1,024,000
	<b>\$ 2,019,853</b>	<b>\$ 2,142,684</b>

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

2017	\$ 156,582
2018	135,370
2019	1,032,076
2020	81,812
2021 and thereafter	614,013
	<b>\$ 2,019,853</b>

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 13. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>			<u>Accumulated amortization</u>					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2016 net book value
Housing	\$ 2,585,608	\$ -	\$ -	\$ 2,585,608	\$ 1,447,383	\$ 127,172	\$ -	\$ 1,574,555	\$ 1,011,053
Office building	106,508	-	-	106,508	59,424	4,700	-	64,124	42,384
Furniture and equipment	21,266	3,078	-	24,344	10,616	1,930	-	12,546	11,798
Water system chlorinator	100,160	-	-	100,160	40,065	3,338	-	43,403	56,757
Vehicle	10,800	-	-	10,800	2,160	1,080	-	3,240	7,560
Sewer Systems	1,332,000	-	-	1,332,000	1,055,594	66,600	-	1,122,194	209,806
Marina equipment	255,900	-	(39,041)	216,859	201,813	4,425	(13,636)	192,602	24,257
Application software	37,940	2,770	-	40,710	37,940	-	-	37,940	2,770
Boat and Canoe	105,792	-	-	105,792	24,069	5,290	-	29,359	76,433
	<b>\$ 4,555,974</b>	<b>\$ 5,848</b>	<b>\$ (39,041)</b>	<b>\$ 4,522,781</b>	<b>\$ 2,879,064</b>	<b>\$ 214,535</b>	<b>\$ (13,636)</b>	<b>\$ 3,079,963</b>	<b>\$ 1,442,818</b>

	<u>Cost</u>			<u>Accumulated amortization</u>					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2015 Net book value
Housing	\$ 2,582,933	\$ 2,675	\$ -	\$ 2,585,608	\$ 1,320,211	\$ 127,172	\$ -	\$ 1,447,383	\$ 1,138,225
Office building	106,508	-	-	106,508	54,724	4,700	-	59,424	47,084
Furniture and equipment	20,511	755	-	21,266	8,994	1,622	-	10,616	10,650
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	193,484	8,329	-	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
	<b>\$ 4,552,544</b>	<b>\$ 3,430</b>	<b>\$ -</b>	<b>\$ 4,555,974</b>	<b>\$ 2,659,952</b>	<b>\$ 219,112</b>	<b>\$ -</b>	<b>\$ 2,879,064</b>	<b>\$ 1,676,910</b>

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 14. ACCUMULATED SURPLUS

	2016	2015
Restricted		
Ottawa Trust Fund	\$ 14,667	\$ 14,677
Operating Reserve Fund - Social Housing	87,501	102,226
Replacement Reserve Fund - Social Housing	179,501	169,016
	281,669	285,919
Unrestricted		
Operations	(2,062,865)	(974,587)
Invested in Tangible Capital Assets	486,966	598,230
	(1,575,899)	(376,357)
	<b>\$ (1,294,230)</b>	<b>\$ (90,438)</b>

### 15. 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) INAC Ministerial Guarantees for loans to the First Nation and individual members in the amount of \$922,991.
- 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, 2016, 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, 2016

### 16. EXPENSES BY OBJECT

	2016 Budget	2016 Actual	2015 Actual
Salaries and wages	\$ -	\$ 704,985	\$ 735,616
Sub-contracts	-	442,553	446,987
Social development	-	315,901	348,083
Professional fees	-	218,390	250,153
Amortization	-	214,536	219,112
Other	-	202,924	299,636
Honoraria	-	186,212	206,521
Unincorporated business expenditure - COGS	-	184,214	219,304
Utilities	-	132,451	112,516
Administration	-	105,065	63,918
Education	-	91,559	94,847
Interest, principal repayment and bank charges	-	85,421	81,727
Travel	-	74,545	93,473
Repairs and maintenance	-	55,224	36,969
Office	-	44,465	56,716
Health related expenses	-	36,678	32,479
Insurance	-	31,859	5,363
Rental	-	24,042	28,384
Community gatherings/luncheons	-	17,149	16,261
Culture awareness	-	11,429	1,980
Donations	-	8,884	3,381
Materials and supplies	-	7,238	14,342
Training	-	5,538	20,070
Construction	-	4,423	1,048
Vehicle	-	2,105	2,248
Advertising and promotion	-	259	-
	\$ -	\$ 3,208,049	\$ 3,391,134

### 17. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue pursuant to a funding agreement with INAC. 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, 2016

### 18. 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, 2016 was \$61,995 (2015: \$64,098).

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.

### 19. RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures have been restated to include loss from Spirit Bay Developments Limited Partnership for the 2013 and 2014 fiscal year. As a result, the investment in government business enterprises and partnership decreased by \$1,218,386, the beginning balance of accumulated surplus decreased by \$359,782, the annual surplus decreased by \$858,604, and the ending balance of accumulated surplus decreased by \$1,218,386.

The investment in government business enterprise and partnership has also been restated for \$51 contribution to the Spirit Bay Developments Partnership. As a result, the investment in government business enterprise and partnership increased by \$51 and due to government business partnership decreased by \$51.

The cumulative effect of these adjustments to the beginning balance accumulated surplus of 2016 fiscal year is \$1,218,336.

The above adjustments are summarized as follows:

	Originally Stated	Changes	Restated Amounts
Investment in government business enterprises and partnership	\$ 108,019	\$ (1,218,335)	\$ (1,110,316)
Accumulated surplus, beginning of year	475,120	(359,782)	115,338
Due from government business partnerships	371,180	(51)	371,129
Annual surplus (deficit)	652,828	(858,604)	(205,776)
Accumulated surplus, end of year	\$ 1,127,948	\$ (1,218,386)	\$ (90,438)

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 20. SEGMENTED INFORMATION

	Indian Government Services				Education		Social Development		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
INAC	\$ -	\$ 271,386	\$ 310,298	\$ -	\$ 123,003	\$ 129,758	\$ -	\$ -	\$ -
INAC Recovery	-	(7,460)	(2,001)	-	(2,630)	-	-	-	-
Rental revenue	-	-	8,400	-	-	-	-	-	-
Other revenue	-	133,019	112,845	-	13,286	(2,775)	-	392,017	419,818
Total revenue	-	396,945	429,542	-	133,659	126,983	-	392,017	419,818
Expenses									
Salaries and wages	-	106,457	73,895	-	21,676	13,776	-	-	-
Sub-contracts	-	242,524	259,212	-	-	500	-	-	-
Other	-	7,897	18,732	-	500	106	-	-	-
Professional fees	-	31,133	95,915	-	-	-	-	-	-
Amortization	-	206,479	207,451	-	-	-	-	-	-
Honoraria	-	77,232	69,178	-	11,643	17,433	-	-	-
Other expenses	-	(27,292)	56,144	-	100,121	95,168	-	392,241	426,423
Total expenses	-	644,430	780,527	-	133,940	126,983	-	392,241	426,423
Annual surplus (deficit)	\$ -	\$ (247,485)	\$ (350,985)	\$ -	\$ (281)	\$ -	\$ -	\$ (224)	\$ (6,605)

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 20. SEGMENTED INFORMATION, continued

	Land Management			Economic Development			Health and Day Care		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
INAC	\$ -	\$ 204,536	\$ 204,536	\$ -	\$ 31,531	\$ 37,780	\$ -	\$ -	\$ -
Other Government Departments	-	-	-	-	43,219	61,642	-	-	-
Funding from Provincial Government	-	-	-	-	-	40,000	-	49,923	47,723
Funding from First Nation Organizations	-	39,920	80,370	-	99,339	79,959	-	242,964	218,520
Interest Income	-	-	-	-	90,000	63,123	-	-	-
Other revenue	-	(37,935)	4,704	-	(50,606)	976,159	-	1,000	-
Total revenue	-	206,521	289,610	-	213,483	1,258,663	-	293,887	266,243
Expenses									
Salaries and wages	-	97,084	118,881	-	98,140	195,100	-	65,356	80,037
Sub-contracts	-	40,225	-	-	82,905	78,547	-	59,102	66,069
Other	-	6,540	51,494	-	11,471	86,210	-	22,778	17,407
Professional fees	-	46,573	66,300	-	84,873	79,638	-	39,104	-
Honoraria	-	17,450	1,050	-	69,505	99,809	-	7,371	2,850
Other expenses	-	72,864	26,119	-	619,184	542,784	-	119,447	106,705
Total expenses	-	280,736	263,844	-	966,078	1,082,088	-	313,158	273,068
Annual surplus (deficit)	\$ -	\$ (74,215)	\$ 25,766	\$ -	\$ (752,595)	\$ 176,575	\$ -	\$ (19,271)	\$ (6,825)
	Ottawa Trust Fund			Operating Reserve Fund - Social Housing			Replacement Reserve Fund - Social Housing		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues									
Other revenue	\$ -	\$ 887	\$ 941	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	887	941	-	-	-	-	-	-
Expenses									
Other expenses	-	897	1,598	-	-	-	-	(10,485)	848
Total expenses	-	897	1,598	-	-	-	-	(10,485)	848
Annual surplus (deficit)	\$ -	\$ (10)	\$ (657)	\$ -	\$ -	\$ -	\$ -	\$ 10,485	\$ (848)



# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 20. SEGMENTED INFORMATION, continued

	Community Infrastructure			Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues						
INAC	\$ -	\$ 309,249	\$ 203,092	\$ -	\$ 939,705	\$ 885,464
INAC Recovery	-	-	(28,323)	-	(10,090)	(30,324)
Other Government Departments	-	61,995	64,098	-	105,214	125,740
Funding from Provincial Government	-	-	-	-	49,923	87,723
Funding from First Nation Organizations	-	-	-	-	382,223	378,849
Interest Income	-	-	-	-	90,000	63,123
Rental revenue	-	101,800	103,630	-	101,800	112,030
Other revenue	-	(106,186)	51,061	-	345,482	1,562,753
Total revenue	-	366,858	393,558	-	2,004,257	3,185,358
Expenses						
Salaries and wages	-	63,907	53,469	-	452,620	535,158
Sub-contracts	-	12,397	39,700	-	437,153	444,028
Other	-	97,505	53,626	-	146,691	227,575
Professional fees	-	16,706	3,300	-	218,389	245,153
Amortization	-	-	-	-	206,479	207,451
Honoraria	-	-	8,630	-	183,201	198,950
Other expenses	-	296,539	277,030	-	1,563,516	1,532,819
Total expenses	-	487,054	435,755	-	3,208,049	3,391,134
Annual surplus (deficit)	\$ -	\$ (120,196)	\$ (42,197)	\$ -	\$ (1,203,792)	\$ (205,776)