

**BEECHER BAY FIRST NATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

# **BEECHER BAY FIRST NATION**

## **CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017**

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# BEECHER BAY FIRST NATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2017

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The accompanying consolidated financial statements of 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 First Nation and meet when required.


On behalf of First Nation:

  
\_\_\_\_\_  
Chief

Dec. 4/17.  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Councillor

Dec. 4/17.  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Councillor

Dec. 4/17  
\_\_\_\_\_  
Date

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Beecher Bay First Nation

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### *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, 2017, 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.

Beecher Bay First Nation also holds investments in enterprises and partnerships. We were unable to satisfy ourselves as to the carrying value of these investments because these entities had not been audited nor their financial information made available during the audit process. Consequently, we were not able to determine whether any adjustments might be necessary to the recording of these investments, the net income or loss derived from these enterprises and partnerships nor whether the status of any previously determined Government Business Enterprises or Partnerships had changed to a "Government Unit" as a result of an observable event.

*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, 2017 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.

A handwritten signature in black ink that reads "Reid Hurst Nagy Inc." in a cursive script.

REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
December 5, 2017

# BEECHER BAY FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016 Restated
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	156,866	152,758
Trust funds held by federal government (Note 4)	15,395	14,667
Accounts receivable (Note 5)	208,334	49,764
Related parties receivable (Note 6)	831,599	569,150
Investment in government business enterprises (Note 7)	140,287	136,406
Loan receivable (Note 8)	1,000,000	1,000,000
Inventory for resale	26,187	20,696
	<b>2,378,668</b>	<b>1,943,441</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 9)	164,261	160,560
Deferred revenue (Note 10)	429,497	267,087
Government business partnership liability (Note 11)	2,257,672	2,257,672
Demand loans (Note 12)	993,143	1,031,896
Long-term debt (Note 13)	890,813	987,957
	<b>4,735,386</b>	<b>4,705,172</b>
<b>NET DEBT</b>	<b>(2,356,718)</b>	<b>(2,761,731)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	1,284,778	1,442,818
Prepaid expenses	69,598	63,071
	<b>1,354,376</b>	<b>1,505,889</b>
<b>ACCUMULATED DEFICIT (Note 15)</b>	<b>(1,002,342)</b>	<b>(1,255,842)</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, 2017

	2017 \$	2016 Restated \$
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>253,500</b>	<b>(1,165,408)</b>
Acquisition of tangible capital assets	(63,437)	(5,848)
Amortization of tangible capital assets	221,477	214,535
Loss on disposal of tangible capital assets	-	25,412
	<b>158,040</b>	<b>234,099</b>
Acquisition of prepaid assets	(69,598)	(63,071)
Use of prepaid assets	63,071	58,606
	<b>(6,527)</b>	<b>(4,465)</b>
<b>INCREASE IN NET DEBT</b>	<b>405,013</b>	<b>(935,774)</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>(2,761,731)</b>	<b>(1,825,957)</b>
<b>NET DEBT, END OF YEAR</b>	<b>(2,356,718)</b>	<b>(2,761,731)</b>

The accompanying notes are an integral part of the financial statements

# BEECHER BAY FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF REVENUE, EXPENSES AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual Restated
	\$	\$	\$
<b>REVENUE</b>			
INAC	-	1,488,979	1,331,989
INAC Recovery	-	-	(37,480)
Canadian Environmental Assessment Agency	-	13,615	-
Canada Mortgage and Housing Corporation	-	96,032	61,995
Fisheries and Oceans Canada	-	50,000	43,219
Natural Resources Canada	-	102,388	38,963
Ottawa Trust Fund	-	873	887
Funding from Provincial Government	-	85,000	84,923
Funding from First Nation Organizations	-	432,049	382,223
Net income (loss) from GBEs and GBPs	-	3,881	(1,000,950)
TSD	-	480,000	480,000
Revenue from unincorporated business	-	365,505	414,587
Rental revenue	-	116,918	110,200
Other revenue	-	408,909	135,899
Interest Income	-	90,000	90,000
Deferred revenue - prior year	-	235,792	141,006
Deferred revenue - current year	-	(402,368)	(235,792)
	-	3,567,573	2,041,669
<b>EXPENSES</b>			
Indian Government Services	-	658,335	767,260
Education	-	120,205	133,940
Social Development	-	408,287	392,240
Land Management	-	251,176	279,764
Economic Development	-	1,027,563	948,561
Health and Day Care	-	334,985	313,158
Ottawa Trust Fund	-	145	897
Operating Reserve Fund - Social Housing	-	3,183	8,515
Community Infrastructure	-	510,194	362,742
	-	3,314,073	3,207,077
<b>ANNUAL SURPLUS (DEFICIT)</b>	-	253,500	(1,165,408)
<b>ACCUMULATED DEFICIT, BEGINNING OF YEAR</b>	-	(1,255,842)	(90,434)
<b>ACCUMULATED DEFICIT, END OF YEAR</b>	-	(1,002,342)	(1,255,842)

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, 2017

	2017	2016 Restated
	\$	\$
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS (DEFICIT)	253,500	(1,165,408)
Items not affecting cash		
Amortization of tangible capital assets	221,477	214,535
Net (income) loss from GBE and GBP	(3,881)	1,010,950
Loss on disposal of asset	-	25,412
	471,096	85,489
Change in non-cash items on statement of financial position		
Accounts receivable	(158,570)	143,725
Inventory for resale	(5,491)	(4,966)
Prepaid expenses	(6,528)	(4,462)
Accounts payable and accrued liabilities	3,701	(30,838)
Deferred revenue	162,410	95,652
Related parties receivable	(262,449)	(198,021)
	204,169	86,579
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(63,437)	(5,848)
<b>FINANCING ACTIVITIES</b>		
Proceeds from demand loans	10,000	-
Principal repayment of demand loans and long-term debt	(145,896)	(122,831)
	(135,896)	(122,831)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,836	(42,100)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	167,425	209,525
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	172,261	167,425
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash and cash equivalents	156,866	152,758
Trust funds held by federal government	15,395	14,667
	172,261	167,425

The accompanying notes are an integral part of the financial statements

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### 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 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.

#### (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.

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### **(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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### (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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### (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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### (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.

## 3. CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Externally restricted		
Operating Reserve	35,291	4,848
Replacement Reserve	19,000	-
	<hr/>	
	54,291	4,848
	<hr/>	
Unrestricted		
Cash and banks	102,575	147,910
	<hr/>	
Total Cash and Cash Equivalents	156,866	152,758

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### CASH AND CASH EQUIVALENTS, continued

#### 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 \$49,489 (2016: under funded by \$82,653).

#### 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 \$159,597 (2016: under funded by \$179,501).

#### 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 1.8% per annum. As at March 31, 2017, 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.

	<b>Opening Balance</b>	<b>Additions</b>	<b>Withdraws</b>	<b>2017 Total</b>	<b>2016 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	145	873	(145)	873	145
Capital	14,522	-	-	14,522	14,522
	14,667	873	(145)	15,395	14,667

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 5. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
<b>Due from members</b>		
Member advances	6,090	6,144
<b>Due from others</b>		
Other receivables	107,496	32,258
<b>Due from government and other government organizations</b>		
INAC	18,258	2,000
Canada Mortgage and Housing Corporation	26,490	5,040
Department of Fisheries and Oceans	50,000	4,322
	94,748	11,362
	208,334	49,764

### 6. RELATED PARTIES RECEIVABLE

	2017 \$	2016 Restated \$
Salish Strait Seafoods Ltd.	10,000	10,000
Spirit Bay Developments Limited Partnership	821,599	559,150
	831,599	569,150

Advances due from related parties are unsecured and without interest or any fixed terms of repayment.

### 7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2017 \$	2016 Restated \$
Salish Strait Seafoods Ltd.	140,286	136,405
Scia'new Nation Investment Corporation	1	1
	140,287	136,406

As disclosed in the Independent Auditor's Report, the financial information of Salish Strait Seafoods Ltd. and Scia'new Nation Investment Corporation were not available or not audited.

### 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 (2016: \$90,000) of interest from these notes.



# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Accounts payable and accrued liabilities	136,340	85,098
Due to government agencies	27,921	26,839
INAC	-	48,623
	<b>164,261</b>	<b>160,560</b>

### 10. DEFERRED REVENUE

	2017	2016
	\$	\$
INAC	429,497	262,920
Other	-	4,167
	<b>429,497</b>	<b>267,087</b>

### 11. GOVERNMENT BUSINESS PARTNERSHIP LIABILITY

The balance represents the share of partnership loss from Spirit Bay Developments Limited Partnership. As disclosed in the Independent Auditor's Report, the financial information of Spirit Bay Developments Limited Partnership was not available.

### 12. DEMAND LOANS

	2017	2016
	\$	\$
Royal Bank demand loan is payable at \$478 per month including interest at 3.64% per annum and is secured by a general asset assignment and is renewable in March 2018.	15,980	18,684
Royal Bank demand loan is payable at \$433 per month including interest at 3.60% annum and is secured by a general asset assignment and is renewable in August 2018.	7,157	6,731
Bank of Montreal facility 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.	970,006	1,006,481
	<b>993,143</b>	<b>1,031,896</b>

Under the Facility Agreement for the Bank of Montreal, the First Nation is required to maintain payments of all taxes. As of March 31, 2017, the First Nation is in violation of covenants by not maintaining proper filing of Provincial Sales Taxes. No waiver of demand repayment was issued by the lender as of the reporting. Consequently, the First Nation reclassified as current liabilities the facility loan, which was previously classified as long-term debt.

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 13. LONG-TERM DEBT

	2017 \$	2016 \$
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.	44,966	64,967
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.	257,928	277,095
CMHC Phase 001 housing loan is secured by a guarantee from INAC, payable at \$1,943 per month including principal and interest at 1.30% per annum, matures on November 1, 2025 and is renewable on December 1, 2020.	191,110	211,818
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.	230,594	259,742
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.	166,215	174,335
	<b>890,813</b>	<b>987,957</b>
Principal portion of long-term debt due within the next five years:		
2018	100,042	
2019	102,345	
2020	81,032	
2021	82,403	
2022 and thereafter	524,991	
	<b>890,813</b>	

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 14. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2017 net book value
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing	2,585,608	21,945	-	2,607,553	1,574,555	128,269	-	1,702,824	904,729
Office building	106,508	-	-	106,508	64,124	4,701	-	68,825	37,683
Furniture and equipment	24,344	-	-	24,344	12,546	1,930	-	14,476	9,868
Water system chlorinator	100,160	-	-	100,160	43,403	3,339	-	46,742	53,418
Vehicle	10,800	20,000	-	30,800	3,240	3,080	-	6,320	24,480
Sewer Systems	1,332,000	-	-	1,332,000	1,122,194	66,600	-	1,188,794	143,206
Marina equipment	216,859	-	-	216,859	192,602	4,424	-	197,026	19,833
Application software	40,710	-	-	40,710	37,940	2,770	-	40,710	-
Boat and Canoe	105,792	21,492	-	127,284	29,359	6,364	-	35,723	91,561
	4,522,781	63,437	-	4,586,218	3,079,963	221,477	-	3,301,440	1,284,778

	Cost			Accumulated amortization					
	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
	4,555,974	5,848	(39,041)	4,522,781	2,879,064	214,535	(13,636)	3,079,963	1,442,818

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 15. ACCUMULATED DEFICIT

	2017	2016 Restated
	\$	\$
Restricted		
Ottawa Trust Fund	15,395	14,667
Operating Reserve Fund - Social Housing	84,780	87,501
Replacement Reserve Fund - Social Housing	178,597	179,501
	<b>278,772</b>	281,669
Unrestricted		
Operations	(1,755,828)	(2,024,477)
Invested in Tangible Capital Assets	474,714	486,966
	<b>(1,281,114)</b>	(1,537,511)
	<b>(1,002,342)</b>	(1,255,842)

### 16. RELATED PARTY TRANSACTIONS

During the year, the First Nation received \$97,390 (2016: \$28,564) of revenue for subleased lots, \$240,000 (2016: \$240,000) as campsite replacement revenue from Spirit Bay Developments Limited Partnership.

During the year, the First Nation incurred \$Nil (2016: \$3,908) 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 (2016: \$240,000) as flow through payments from Beecher Bay GP Ltd.

During the year, the First Nation provided flow through funding of \$100,000 to Spirit Bay Developments Limited Partnership relating to the INAC Community Opportunity Rediness Program.

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

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 17. EXPENSES BY OBJECT

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Administration	-	124,660	105,065
Advertising and promotion	-	707	259
Amortization	-	221,477	214,536
Community gatherings/luncheons	-	4,947	17,149
Construction	-	20,672	4,423
Culture awareness	-	4,550	11,429
Donations	-	2,499	8,884
Education	-	91,612	91,559
Health related expenses	-	33,212	36,678
Honoraria	-	145,894	186,212
Insurance	-	29,282	31,859
Interest, principal repayment and bank charges	-	75,487	85,421
Materials and supplies	-	7,495	7,238
Office	-	73,570	44,465
Other	-	309,819	202,924
Professional fees	-	310,959	218,390
Rental	-	51,416	24,042
Repairs and maintenance	-	17,912	55,224
Salaries and wages	-	711,662	704,985
Social development	-	323,369	315,901
Sub-contracts	-	459,333	442,553
Training	-	1,626	5,538
Travel	-	53,987	73,573
Unincorporated business expenditure - COGS	-	184,862	184,214
Utilities	-	44,805	132,451
Vehicle	-	8,259	2,105
	-	<b>3,314,073</b>	<b>3,207,077</b>

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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### 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) INAC Ministerial Guarantees for loans to the First Nation and individual members in the amount of \$831,798.
- 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, 2017, the First Nation has provided guarantees for a total of \$240,000 for two members.

### 19. 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.

### 20. RESTATEMENT OF COMPARATIVE FIGURES

Investment in government business enterprises had been adjusted to include the share of income and dividend declared from Salish Straits Seafoods Ltd. which was not available in the 2016 fiscal year. As a result, the related party receivable had been increased by \$10,000, the net income (loss) from government business enterprises had been increased by \$38,386 and the investment in government business enterprises had been increased by \$28,386.

The above adjustments are summarized as follows:

	Originally Stated	Changes	Restated Amounts
	\$	\$	\$
Related parties receivable	559,150	10,000	569,150
Investment in government business enterprises	108,020	28,386	136,406
Net income (loss) from GBEs and GBPs	(1,039,336)	38,386	(1,000,950)

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 21. SEGMENTED INFORMATION

	Indian Government Services				Education			Social Development	
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
INAC	-	189,537	271,386	-	120,205	123,003	-	418,283	392,284
INAC Recovery	-	-	(7,460)	-	-	(2,630)	-	-	(27,390)
Funding from First Nation Organizations	-	1,800	-	-	-	-	-	-	-
Rental revenue	-	17,318	8,400	-	-	-	-	-	-
Other revenue	-	140,316	124,619	-	-	13,286	-	(21,335)	27,123
Total revenue	-	348,971	396,945	-	120,205	133,659	-	396,948	392,017
Expenses									
Salaries and wages	-	74,510	106,457	-	13,501	21,676	-	53,155	41,748
Sub-contracts	-	167,031	242,524	-	80	-	-	130	-
Social development	-	-	-	-	-	-	-	323,369	315,901
Other	-	9,437	7,897	-	1,536	500	-	25,727	27,676
Professional fees	-	45,217	31,133	-	-	-	-	-	-
Amortization	-	213,421	206,479	-	-	-	-	-	-
Honoraria	-	81,104	77,232	-	9,459	11,643	-	1,344	1,454
Other expenses	-	67,615	95,538	-	95,629	100,121	-	4,562	5,461
Total expenses	-	658,335	767,260	-	120,205	133,940	-	408,287	392,240
Annual surplus (deficit)	-	(309,364)	(370,315)	-	-	(281)	-	(11,339)	(223)

# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 21. SEGMENTED INFORMATION, continued

	Land Management			Economic Development			Health and Day Care		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
INAC	-	204,536	204,536	-	17,615	31,531	-	-	-
Other Government Departments	-	-	-	-	166,003	82,182	-	-	-
Funding from Provincial Government	-	-	-	-	35,000	35,000	-	50,000	49,923
Funding from First Nation Organizations	-	39,920	39,920	-	98,121	99,339	-	292,208	242,964
Revenue from unincorporated business	-	-	-	-	365,505	414,587	-	-	-
Interest Income	-	-	-	-	90,000	90,000	-	-	-
Other revenue	-	975	(38,907)	-	754,613	(500,771)	-	-	1,000
Total revenue	-	245,431	205,549	-	1,526,857	251,868	-	342,208	293,887
Expenses									
Salaries and wages	-	128,180	97,084	-	320,661	308,758	-	69,330	65,356
Sub-contracts	-	610	40,225	-	203,782	88,305	-	78,100	59,102
Other	-	33,688	6,540	-	44,811	34,598	-	32,291	22,778
Professional fees	-	23,263	46,573	-	79,616	84,873	-	11,217	39,104
COGS - Purchase	-	-	-	-	184,862	184,214	-	-	-
Amortization	-	-	-	-	8,056	8,056	-	-	-
Honoraria	-	4,325	17,450	-	20,906	71,062	-	24,417	7,371
Other expenses	-	61,110	71,892	-	164,869	168,695	-	119,630	119,447
Total expenses	-	251,176	279,764	-	1,027,563	948,561	-	334,985	313,158
Annual surplus (deficit)	-	(5,745)	(74,215)	-	499,294	(696,693)	-	7,223	(19,271)

	Ottawa Trust Fund			Operating Reserve Fund - Social Housing			Replacement Reserve Fund - Social Housing		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Other revenue	-	873	887	-	-	-	-	-	-
Total revenue	-	873	887	-	-	-	-	-	-
Expenses									
Other	-	-	-	-	3,183	5,429	-	-	-
Other expenses	-	145	897	-	-	3,086	-	-	-
Total expenses	-	145	897	-	3,183	8,515	-	-	-
Annual surplus (deficit)	-	728	(10)	-	(3,183)	(8,515)	-	-	-



# BEECHER BAY FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

### 21. SEGMENTED INFORMATION, continued

	Community Infrastructure			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$	\$	\$	\$
Revenues						
INAC	-	538,803	309,249	-	1,488,979	1,331,989
INAC Recovery	-	-	-	-	-	(37,480)
Other Government Departments	-	96,032	61,995	-	262,035	144,177
Funding from Provincial Government	-	-	-	-	85,000	84,923
Funding from First Nation Organizations	-	-	-	-	432,049	382,223
Revenue from unincorporated business	-	-	-	-	365,505	414,587
Interest Income	-	-	-	-	90,000	90,000
Rental revenue	-	99,600	101,800	-	116,918	110,200
Other revenue	-	(148,355)	(106,187)	-	727,087	(478,950)
Total revenue	-	586,080	366,857	-	3,567,573	2,041,669
Expenses						
Salaries and wages	-	52,325	63,907	-	711,662	704,986
Sub-contracts	-	9,600	12,397	-	459,333	442,553
Social development	-	-	-	-	323,369	315,901
Other	-	140,374	97,505	-	291,047	202,923
Professional fees	-	151,645	16,706	-	310,958	218,389
COGS - Purchase	-	-	-	-	184,862	184,214
Amortization	-	-	-	-	221,477	214,535
Honoraria	-	4,339	-	-	145,894	186,212
Other expenses	-	151,911	172,227	-	665,471	737,364
Total expenses	-	510,194	362,742	-	3,314,073	3,207,077
Annual surplus (deficit)	-	75,886	4,115	-	253,500	(1,165,408)