

GCDOCS# 44925865
John Guzman

**BEECHER BAY FIRST NATION
FINANCIAL STATEMENTS**

For the year ended MARCH 31, 2018

**Brynjolfson & Company
Chartered Professional Accountant**

**BEECHER BAY FIRST NATION
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2018**

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BEECHER BAY FIRST NATION
4901-B East Sooke Road
Sooke, B.C. V9Z 1B6

Management's Responsibility for Financial Reporting

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

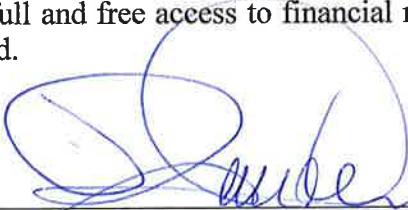
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the CPA Canada and as such include amounts that are the best estimates and judgments 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.

Chief and Council are 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.

Chief and Council meet periodically with management, as well as the external auditor, 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 financial statements and the external auditor's report.

The external auditors, Brynjolfson & Company, 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 Nations and meet when required.



On behalf of Beecher Bay First Nation

April 10, 2019



Brynjolfson & Co. Chartered Professional Accountant

797 Kona Crescent
Victoria, B.C. V8X 4N9
(Tel: 250-727-7169)
(E-mail: pbrynjolfson@aol.com)

INDEPENDENT AUDITOR'S REPORT

To the Members of Beecher Bay First Nation:

I have audited the accompanying financial statements of the Beecher Bay First Nation, which comprises the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of operations, consolidated statement of change in net debt, and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation of fair presentation of the 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 entity'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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. In this respect, the financial statements are not in accordance with Canadian public sector accounting standards. I am 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. I was unable to satisfy myself as to the carrying value of these investments because not all of these entities had been audited or their financial information made available during the audit process. Consequently, I was 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.

Other Matter

The comparative figures were audited by another accounting firm. The report was dated December 5, 2017. The audit report contained a qualified opinion.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all materials respects, the financial position of Beecher Bay First Nation as at March 31, 2018, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



BRYNJOLFSON & CO.
Chartered Professional Accountant

Victoria, B.C.
April 10, 2019

BEECHER BAY FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2018

	2018 Actual \$	2017 Actual \$
Financial assets		
Cash and cash equivalents (Note 3)	3,653,528	156,866
Trust funds held by federal government (Note 4)	14,522	15,395
Accounts receivable (Note 5)	284,880	208,334
Advances to related parties (Note 6)	1,306,450	831,599
Investment in government business enterprises (Note 7)	440,677	140,287
Loan receivable (Note 9)	1,000,000	1,000,000
Inventory for resale	<u>18,302</u>	<u>26,187</u>
	<u>6,718,359</u>	<u>2,378,668</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	261,937	164,261
Deferred revenue (Note 11)	-	429,497
Government business partnership liability (Note 12)	6,089,715	2,257,672
Demand loans (Note 13)	948,449	993,143
Long-term debt (Note 14)	<u>791,400</u>	<u>890,813</u>
	<u>8,091,501</u>	<u>4,735,386</u>
Net financial assets (net debt)	(1,373,142)	(2,356,718)
Non-financial assets		
Tangible capital assets (Note 15)	1,106,206	1,284,778
Prepaid Expenses	<u>28,330</u>	<u>69,598</u>
	<u>1,134,536</u>	<u>1,354,376</u>
Accumulated deficit (Note 16)	<u>(238,606)</u>	<u>(1,002,342)</u>

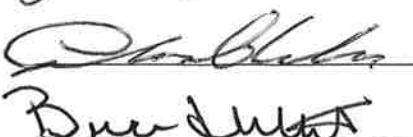
Approved by:



Chief

Chief

Councillor



Councillor

Councillor

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

BEECHER BAY FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u>
REVENUE			
INAC	4,927,999	4,927,999	1,488,979
Prior Year INAC Recovery	-	(9,028)	-
CMHC	98,974	98,974	96,032
Fisheries and Oceans Canada	52,500	52,500	50,000
Natural Resources Canada	52,300	52,300	102,388
Ottawa Trust Fund	743	743	873
Province of B.C.	65,000	65,000	85,000
GBEs and GBPs net income (loss)	-	(3,718,198)	3,881
TSD	480,000	480,000	480,000
Rental revenue	99,000	99,008	116,918
Kinder Morgan	650,000	650,000	24,910
Other revenue	1,255,080	1,256,129	1,195,168
Interest income	90,000	90,000	90,000
Deferred revenue – prior year	380,766	429,497	235,792
Deferred revenue – current year	—	—	<u>(402,368)</u>
	<u>8,152,362</u>	<u>4,474,924</u>	<u>3,567,573</u>
EXPENSES			
Administration	363,608	475,497	658,335
Education	149,733	147,125	120,205
Social Development	437,623	450,504	408,287
Land Management	286,307	283,541	251,176
Economic Development	1,244,593	1,338,002	1,027,563
Health, Day Care and Youth Group	370,963	367,710	334,985
Ottawa Trust Fund	-	1,616	145
Operating Reserve – Social Housing	-	4,822	3,183
Community Infrastructure	<u>3,470,238</u>	<u>642,371</u>	<u>510,194</u>
	<u>6,323,065</u>	<u>3,711,188</u>	<u>3,314,073</u>
ANNUAL SURPLUS	<u>1,829,297</u>	763,736	253,500
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(1,002,342)</u>	<u>(1,255,842)</u>	
ACCUMULATED DEFICIT, END OF YEAR	<u>\$ (238,606)</u>	<u>\$ (1,002,342)</u>	

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

BEECHER BAY FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31, 2018

	2018 Actual \$	2017 Actual \$
Annual surplus	763,736	253,500
Acquisition of tangible capital assets	(43,763)	(63,437)
Amortization of tangible capital assets	<u>222,335</u>	<u>221,477</u>
	<u>942,308</u>	<u>411,540</u>
Acquisition of prepaid expenses	(28,330)	(69,598)
Use of prepaid assets	<u>69,598</u>	<u>63,071</u>
	<u>41,268</u>	<u>(6,527)</u>
Change in Net Financial Assets/Net Debt	983,576	405,013
Net Debt, at beginning of year	(2,356,718)	(2,761,731)
Net debt, end of year	(1,373,142)	(2,356,718)

Note: 2018 budget figures are not available.

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

BEECHER BAY FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended March 31, 2018

	2018 Actual \$	2017 Actual \$
Operating Activities		
Annual surplus (deficit)	763,736	253,500
Items not affecting cash		
Amortization of tangible capital assets	222,335	221,477
Net (income) loss from GBE and GBP	<u>3,718,198</u>	<u>(3,881)</u>
	4,704,269	471,096
Change in non-cash items on statement of financial position		
Accounts receivable	(76,546)	(158,570)
Inventory	7,885	(5,491)
Prepaid expenses	41,268	(6,528)
Accounts payable and accrued liabilities	97,676	3,701
Deferred revenue	<u>(429,497)</u>	<u>162,410</u>
	4,345,055	466,618
Capital Activities		
Cash used to acquire tangible capital assets	<u>(43,763)</u>	<u>(63,437)</u>
Investing Activities		
Investment in GBE	(186,545)	-
Advances to related parties	<u>(474,851)</u>	<u>(262,449)</u>
	<u>(661,396)</u>	<u>(242,449)</u>
Financing Activities		
Proceeds from demand loans	-	10,000
First Nations debt retirement	<u>(144,107)</u>	<u>(145,896)</u>
	<u>(144,107)</u>	<u>(135,896)</u>
Increase in cash and cash equivalents	3,495,789	4,836
Cash and equivalents – Beginning of year	<u>172,261</u>	<u>167,425</u>
Cash and equivalents – End of year	<u>3,668,050</u>	<u>172,261</u>
REPRESENTED BY:		
Cash and cash equivalents	3,653,528	156,866
Trust Funds held by federal government	<u>14,522</u>	<u>15,395</u>
	<u>3,668,050</u>	<u>172,261</u>

The accompanying notes and supplementary schedules are an integral part of these consolidated financial statements.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

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 lands claims.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian public sector accounting standards for government as recommended by the Public Sector Accounting Board of the CPA Canada.

a) Reporting Entity

The reporting entity includes the Beecher Bay First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

b) Principles of Consolidation

These financial statements consolidate the assets, liabilities and results of operations for 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 this 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 (GBE) which was incorporated in February 2013.
3. 1106670 BC Ltd - a wholly owned GBE, incorporated in August 2013.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

4. Spirit Bay Developments Limited Partnership – 51% owned government business partnership which was setup in August 2013; it has a December 31st year end.

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 extend 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. Also, 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 with the exception of capital projects.

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, 2018

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, 2018

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 recognized 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 performed is deferred and recognized when the fee is earned or service performed.

j) Financial Instruments

Financial instruments are initially classified upon initial recognition as a fair value or 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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

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 re-measurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of re-measurement 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, advances to related parties, loans receivable, long-term debt, government business partnership liability, accounts payable and accrued liabilities, and demand loans. 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. The exposure to financial instrument risk is the same as the previous year.

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, 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

	2018	2017
	\$	\$
Externally restricted		
Operating Reserve	39,461	35,291
Replacement Reserve	<u>19,018</u>	<u>19,000</u>
	<u>58,479</u>	<u>54,291</u>
Unrestricted		
Cash and banks	<u>3,595,049</u>	<u>102,575</u>
Total Cash and Cash Equivalents	<u>3,653,528</u>	<u>156,866</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

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 the principal. At the year end, the reserve was under funded by \$52,398 (2017 under funded by \$49,489).

Externally restricted – Replacement Reserve:

Under the terms of the agreement with CMHC, 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 \$173,757 (2017 under funded by \$159,597).

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, 2018, 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	Withdrawals	2018 Total	2017 Total
	\$	\$	\$	\$	\$
Revenue	873	751	1,624	-	873
Capital	<u>14,522</u>	<u>-</u>	<u>-</u>	<u>14,522</u>	<u>14,522</u>
	<u>15,395</u>	<u>751</u>	<u>1,624</u>	<u>14,522</u>	<u>15,395</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

5. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Due from members		
Members advances	<u>1,584</u>	<u>6,090</u>
Due from others		
Others receivable	<u>140,149</u>	<u>107,496</u>
Due from government organizations		
INAC	38,672	18,258
CMHC	42,412	26,490
CSETS	9,563	-
Department of Fisheries and Oceans	<u>52,500</u>	<u>50,000</u>
	<u>143,147</u>	<u>94,748</u>
	<u>284,880</u>	<u>208,334</u>

6. ADVANCES TO RELATED PARTIES

	2018	2017
	\$	\$
Due from related parties		
Salish Strait Seafoods Ltd.	-	10,000
Scia'New Investments Ltd.	14,581	-
Spirit Bay Developments Limited Partnership	<u>1,291,599</u>	<u>821,599</u>
	<u>1,306,180</u>	<u>831,599</u>

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

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2018	2017
	\$	\$
Salish Strait Seafood Ltd.	254,131	140,286
1106670 BC Ltd. (Centre Mountain Joint Venture)	186,545	-
SCIA'NEW Nation Investment Corporation	<u>1</u>	<u>1</u>
	<u>440,677</u>	<u>140,287</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

8. INVESTMENT IN FIRST NATION CONTROLLED GOVERNMENT BUSINESS PARTNERSHIP

Financial information for the fiscal year ended December 31, 2017 prepared from unaudited financial statements of Spirit Bay Developments LP is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	Acc. <u>Deficit</u>
Year ended Dec 31/17	\$12,913,841	\$21,534,047	\$1,757,947	\$5,419,841	\$(8,620,206)
Year ended Dec 31/16	\$11,624,601	\$16,582,913	\$2,355,255	\$6,207,244	\$(4,958,312)

Investment in government controlled business enterprise is accounted for using the modified equity method. Beecher Bay First Nation has a 51% ownership in the partnership.

9. LOANS RECEIVABLE

The balance represents 1,000 Term Notes issued on July 18, 2014 by Spirit Bay Developments Limited Partnership. These notes bear interest at 9% per annum. During the year, the First Nation received \$90,000 (2017 \$90,000) of interest from these notes.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Accounts payable and accrued liabilities	248,099	136,340
Due to government agencies	<u>13,838</u>	<u>27,921</u>
	<u>261,937</u>	<u>164,261</u>

11. DEFERRED REVENUE

	2018	2017
	\$	\$
INAC	<u>—</u>	<u>429,497</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

12. GOVERNMENT BUSINESS PARTNERSHIP LIABILITY

The balance represents the accumulated share of partnership loss up to December 31, 2017 from Spirit Bay Developments Limited Partnership.

13. DEMAND LOANS

	2018	2017
	\$	\$
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 was renewable as at March 31, 2018.	10,734	15,980
Royal Bank demand loan is payable at \$433 per month including interest at 3.60% per annum and is secured by a general asset assignment and is renewable as at August 31, 2018.	2,143	7,157
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.	<u>935,572</u>	<u>970,006</u>
	<u>948,449</u>	<u>993,143</u>

14. LONG TERM DEBT

	2018	2017
	\$	\$
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	23,960	44,966
CMHC Phase 2 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	238,368	257,928

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2018

LONG TERM DEBT, continued

	2018 \$	2017 \$
CMHC Phase 1 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	170,138	191,110
CMHC Phase 3 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	200,923	230,594
CMHC Phase 4 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, 2015 and is renewable on August 1, 2020	<u>158,011</u>	<u>166,215</u>
	<u>791,400</u>	<u>890,813</u>

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

2019	101,655
2020	82,403
2021	83,023
2022	83,798
2023	85,219

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

15. TANGIBLE CAPITAL ASSETS

	C O S T		A M O R T I Z A T I O N				2018 B a l a n c e
	Opening B a l a n c e	Additions	Closing B a l a n c e	Opening B a l a n c e	Amorti- z a t i o n	Closing B a l a n c e	
Housing	2,609,432	3,200	2,612,632	1,718,240	130,632	1,848,872	763,760
Office building	104,629	-	104,629	53,409	2,499	55,908	48,721
Furniture and equip	24,344	29,172	53,516	14,476	4,847	19,323	34,193
Water chlorinator	100,160	1,156	101,316	46,742	3,377	50,119	51,197
Vehicle	30,800	-	30,800	6,320	3,080	9,400	21,400
Sewer systems	1,332,000	2,235	1,334,235	1,188,794	66,711	1,255,505	78,730
Marina equipment	216,859	-	216,859	197,026	4,425	201,451	15,408
Application software	40,710	-	40,710	40,710	-	40,710	-
Boat and canoe	<u>127,284</u>	<u>8,000</u>	<u>135,284</u>	<u>35,723</u>	<u>6,764</u>	<u>42,487</u>	<u>92,797</u>
TOTALS	<u>\$4,586,218</u>	<u>43,763</u>	<u>4,629,981</u>	<u>3,301,440</u>	<u>222,335</u>	<u>3,523,775</u>	<u>1,106,206</u>

* *There were no deletions during the year.*

16. ACCUMULATED DEFICIT

	2018 \$	2017 \$
Restricted		
Ottawa Trust Fund	14,522	15,395
Operating Reserve Fund – Social Housing	91,889	84,780
Replacement Reserve Fund – Social Housing	192,775	178,597
Replacement Reserve Fund – Property Taxation	<u>10,000</u>	<u>-</u>
	<u>309,186</u>	<u>278,772</u>
Unrestricted		
Operations	(996,994)	(1,755,828)
Investment in Tangible Capital Assets	<u>449,202</u>	<u>474,714</u>
	<u>(547,792)</u>	<u>(1,281,114)</u>
	<u>(238,606)</u>	<u>(1,002,342)</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **MARCH 31, 2018**

17. RELATED PARTY TRANSACTIONS

During the year, the First Nation received \$Nil (2017: \$97,390) of revenue for subleased lots; \$240,000 (2017: \$240,000) as campsite replacement revenue from Spirit Bay Developments Limited Partnership and \$240,000 (2017: \$240,000) for wage reimbursement revenue from Spirit Bay Developments Limited Partnership.

During the year, the First Nation recognized a loss from government business partnership Spirit Bay Developments Limited Partnership in the amount of \$1,867,548 (2017 - loss of \$1,964,495). As the information was not available for 2017, both years' losses are recorded in 2018.

During the year, the First Nation recognized earnings from Salish Strait Seafood Ltd. in the amount of \$113,845.

During the year, the First Nation invested \$186,545 into 1106670 BC Ltd. in order to support its corporate partnership in a joint venture known as the Centre Mountain Joint Venture.

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.

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, the First Nation has entered into agreements to act as guarantor for the following:

- a) INAC Ministerial Guarantees for loans to the First Nation and individual members in the amount of \$767,440 (2017: \$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, 2018, 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, 2018

CONTINGENT LIABILITIES, continued

c) The First Nation has entered into an agreement with the Canadian Imperial Bank of Commerce to act as Guarantor for a credit agreement with Spirit Bay Developments Limited Partnership in the amount of \$1,500,000; funds are to assist with the servicing of 27 single family lots in Phase 2 of Sunset Point at Spirit Bay Development located on the Beecher Bay First Nations reserve. The First Nation has provided guarantees to the lender.

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. SUBSEQUENT EVENTS

The First Nation settled a Specific Claim with Canada and was awarded \$2,990,000; the funds may be used to benefit the Nation's community, such as to purchase land or invest in opportunities for both community and business development.

The Province of BC announced a provincial revenue sharing agreement with First Nations regarding the gaming industry. The First Nation anticipates annual benefits of \$100,000 to \$250,000. Funding can be used for a wide range of benefits including health and housing.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018

21. EXPENSES BY OBJECT

	2018	2017
	\$	\$
Administration	163,623	124,660
Advertising and promotion	1,000	707
Amortization	222,334	221,477
Community gatherings/luncheons	30,888	4,947
Construction	74,224	20,672
Culture awareness	11,811	4,550
Donations	400	2,499
Education	105,197	91,612
Health related expenses	14,357	33,212
Honoraria	189,860	145,894
Insurance	30,633	29,282
Interest, principal repayment and bank charges	76,614	75,487
Materials, supplies and equipment	74,968	7,495
Office	21,777	73,570
Other	46,600	309,819
Professional fees	344,701	310,959
Rental	10,260	51,416
Repairs and maintenance	52,061	17,912
Salaries and wages	798,781	711,662
Social development	376,482	323,369
Sub-contracts	524,315	459,333
Training	15,863	1,626
Travel	94,026	53,987
Unincorporated business expenditure – COGS	217,202	184,862
Utilities	210,546	44,805
Vehicle	2,665	8,259
	<u>3,711,188</u>	<u>3,314,073</u>

22. COMPARATIVE FIGURES

Prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.

23. SEGMENTED DISCLOSURE

Beecher Bay First Nation
Schedule of Segmented Operations
For the Year Ending March 31, 2018

	Administration	Education	Social Development	Lands Management	Economic Development	Daycare and Youth	Trust Fund	Operating Fund	Reserve Fund	Community Housing	Infrastructure	TOTAL	TOTAL
Revenue													
INAC	198,608	147,125	437,623	204,536	719,726	-	-	-	3,220,381	4,927,999	1,488,979		
INAC - Recoveries	(9,028)	-	-	-	-	-	-	-	-	(9,028)	-		
Other	105,550	2,608	-	205,403	2,103,720	377,021	743	-	479,106	3,274,151	2,074,713		
GBE's and GBP's (Loss)	-	-	-	-	(3,718,198)	-	-	-	-	(3,718,198)	3,881		
	295,130	149,733	437,623	409,939	(894,752)	377,021	743	-	3,699,487	4,474,924	3,567,573		
Expenses													
Salaries and benefits	94,547	26,058	60,965	157,643	282,722	125,758	-	-	51,088	798,781	711,662		
Sub-contracts	101,228	-	-	11,019	298,966	-	-	-	113,102	524,315	459,333		
Social Development	-	-	389,539	-	-	-	-	-	-	389,539	323,369		
Amortization	222,334	-	-	-	-	-	-	-	-	-	222,334	221,477	
Other Program Expenses	57,388	121,067	-	114,879	756,314	241,952	1,616	4,822	478,181	1,776,219	1,598,232		
	475,497	147,125	450,504	283,541	1,338,002	367,710	1,616	4,822	642,371	3,711,188	3,314,073		
Annual surplus (deficit)	(180,367)	2,608	(12,881)	126,398	(2,232,754)	9,311	(873)	(4,822)	3,057,116	763,736	253,500		