

BEECHER BAY FIRST NATION
FINANCIAL STATEMENTS
For the year ended MARCH 31, 2019

Brynjolfson & Company
Chartered Professional Accountant

**BEECHER BAY FIRST NATION
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2019**

CONTENT

	<u>Page</u>
Management's Statement of Responsibility	1
Independent Auditor's Report	2
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change In Net Financial Assets (Net Debt)	6
Consolidated Statement of Cash Flow	7
Notes to Financial Statements	8

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.

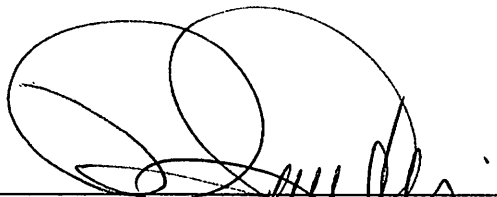
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the CPA Canada and as such include amounts that are the best estimates and judgments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


On behalf of Beecher Bay First Nation



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

Qualified Opinion

I have audited the financial statements of Beecher Bay First Nation (the Entity), which comprise the statement of financial position as at March 31, 2019, and the statement of operations, the statement of changes in net financial assets (net debt), and the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 material respects, the financial position of Beecher Bay First Nation as at March 31, 2019, and its results of operations, its changes in net financial assets (net debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 and the government business partnership liability 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 and the government business partnership liability, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

INDEPENDENT AUDITOR'S REPORT Cont'd

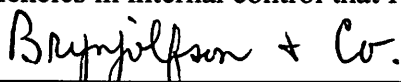
that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Entity's audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Brynjolfson & Company
Victoria, B.C.
February 26, 2020

BEECHER BAY FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2019

	2019	2018
	Actual	Actual
	\$	\$
Financial assets		
Cash and cash equivalents (Note 3)	5,233,015	3,653,528
Trust funds held by federal government (Note 4)	15,446	14,522
Accounts receivable (Note 5)	350,832	284,880
Advances to related parties (Note 6)	641,320	1,306,450
Investment in government business enterprises (Note 7)	322,213	440,677
Loans receivable (Note 9)	2,430,000	1,000,000
Inventory for resale	<u> -</u>	<u>18,302</u>
	<u>8,992,826</u>	<u>6,718,359</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	227,883	261,937
Government business partnership liability (Note 11)	5,889,715	6,089,715
Demand loans (Note 12)	911,213	948,449
Long-term debt (Note 13)	<u>689,622</u>	<u>791,400</u>
	<u>7,718,433</u>	<u>8,091,501</u>
Net financial assets (net debt)	1,274,393	(1,373,142)
Non-financial assets		
Tangible capital assets (Note 14)	3,778,906	1,106,206
Prepaid Expenses	<u>117,149</u>	<u>28,330</u>
	<u>3,896,055</u>	<u>1,134,536</u>
Accumulated surplus (deficit) (Note 15)	<u>5,170,448</u>	<u>(238,606)</u>

Approved by:

 Chief

 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, 2019

	<u>Budget</u>	<u>2019</u>	<u>2018</u>
REVENUE			
Indigenous Services Canada (ISC)*	5,015,582	5,015,582	4,927,999
Prior Year ISC Recovery	-	-	(9,028)
CMHC	89,657	89,657	98,974
Fisheries and Oceans Canada	52,500	52,500	52,500
Natural Resources Canada	47,140	47,140	52,300
Ottawa Trust Fund	1,000	1,091	743
Province of B.C.	30,000	1,930,000	65,000
GBEs and GBPs net income (loss)	-	(71,998)	(3,718,198)
TSD	480,000	480,000	480,000
Rental revenue	100,000	100,900	99,008
Kinder Morgan / Trans Mountain	1,723,350	1,723,350	650,000
Other revenue	-	1,425,649	1,256,129
Interest income	100,000	113,002	90,000
Deferred revenue – prior year	—	—	429,497
	<u>7,639,229</u>	<u>10,906,873</u>	<u>4,474,924</u>
EXPENSES			
Administration	498,500	601,331	475,497
Education	116,627	113,009	147,125
Social Development	522,329	499,300	450,504
Land Management	264,574	272,924	283,541
Economic Development	1,111,591	3,113,562	1,338,002
Health, Day Care and Youth Group	468,208	552,622	367,710
Ottawa Trust Fund	-	1,091	1,616
Reserves – Social Housing	(14,000)	(14,823)	4,822
Community Infrastructure	406,869	358,803	642,371
	<u>3,374,698</u>	<u>5,497,819</u>	<u>3,711,188</u>
ANNUAL SURPLUS	<u>4,264,531</u>	5,409,054	763,736
ACCUMULATED DEFICIT, BEGINNING OF YEAR		<u>(238,606)</u>	<u>(1,002,342)</u>
ACCUMULATED SURPLUS (DEFICIT), END OF YEAR		\$ <u>5,170,448</u>	\$ <u>(238,606)</u>

* ISC is used to describe the former Indigenous and Northern Affairs Canada (INAC) also.

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 FINANCIAL ASSETS (NET DEBT)
For the year ended March 31, 2019

	2019 Actual \$	2018 Actual \$
Annual surplus	5,409,054	763,736
Acquisition of tangible capital assets	(2,904,925)	(43,763)
Amortization of tangible capital assets	<u>232,225</u>	<u>222,335</u>
	<u>2,736,354</u>	<u>942,308</u>
Acquisition of prepaid expenses	(117,149)	(28,330)
Use of prepaid expenses	<u>28,330</u>	<u>69,598</u>
	<u>(88,819)</u>	<u>41,268</u>
Change in Net Financial Assets/Net Debt	2,647,535	983,576
Net Financial Assets (Net Debt), at beginning of year	<u>(1,373,142)</u>	<u>(2,356,718)</u>
Net Financial Assets (Net Debt), end of year	<u>1,274,393</u>	<u>(1,373,142)</u>

Note: 2019 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, 2019

	2019	2018
	Actual	Actual
	\$	\$
Operating Activities		
Annual surplus (deficit)	5,409,054	763,736
Items not affecting cash		
Amortization of tangible capital assets	232,225	222,335
Net (income) loss from GBE and GBP	<u>71,998</u>	<u>3,718,198</u>
	5,713,277	4,704,269
Change in non-cash items on statement of financial position		
Accounts receivable	(65,952)	(76,546)
Inventory	18,302	7,885
Prepaid expenses	(88,819)	41,268
Accounts payable and accrued liabilities	(34,054)	97,676
Deferred revenue	<u>-</u>	<u>(429,497)</u>
	<u>5,542,754</u>	<u>4,345,055</u>
Capital Activities		
Cash used to acquire tangible capital assets	<u>(2,904,925)</u>	<u>(43,763)</u>
Investing Activities		
Investment in GBE	46,466	(186,545)
Advances to related parties	<u>465,130</u>	<u>(474,851)</u>
	<u>511,596</u>	<u>(661,396)</u>
Financing Activities		
Loans receivable	(1,430,000)	-
Proceeds (payment) from demand loans	(37,236)	-
First Nations debt retirement	<u>(101,778)</u>	<u>(144,107)</u>
	<u>(1,569,014)</u>	<u>(144,107)</u>
Increase in cash and cash equivalents	1,580,411	3,495,789
Cash and equivalents – Beginning of year	<u>3,668,050</u>	<u>172,261</u>
Cash and equivalents – End of year	<u>5,248,461</u>	<u>3,668,050</u>
REPRESENTED BY:		
Cash and cash equivalents	5,233,015	3,653,528
Trust Funds held by federal government	<u>15,446</u>	<u>14,522</u>
	<u>5,248,461</u>	<u>3,668,050</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, 2019

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 Services Canada (ISC) 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 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; it has a March 31st year end.
2. Scia'new Nation Investment Corporation – a wholly owned government business enterprise (GBE) which was incorporated in February 2013; it has a March 31st year end.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

3. 1106670 BC Ltd - a wholly owned GBE, incorporated in August 2013; it has a March 31st year end.
4. Spirit Bay Developments Limited Partnership – 51% owned government business partnership which was setup in August 2013; it has a December 31st year end.
5. M'inuw'ilum Marina Limited Partnership –99% owned government business partnership set-up in July 2018 to operate the band marina; it has a March 31st year end.

The financial statements of the above entities were not available with the exception of M'inuw'ilum Marina Limited Partnership.

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, ISC 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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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.

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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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.

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.

Other 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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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.

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.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019

3. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Externally restricted		
Operating Reserve	11,012	39,461
Replacement Reserve	<u>75,226</u>	<u>19,018</u>
	<u>86,238</u>	<u>58,479</u>
Unrestricted		
Cash and banks	<u>5,146,777</u>	<u>3,595,049</u>
Total Cash and Cash Equivalents	<u>5,233,015</u>	<u>3,653,528</u>

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 \$88,891 (2018 under funded by \$52,398).

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 \$132,372 (2018 under funded by \$173,757).

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, 2019, the First Nation has no outstanding balance.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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	2019 Total	2018 Total
	\$	\$	\$	\$	\$
Revenue	-	1,091	167	924	-
Capital	<u>14,522</u>	<u>-</u>	<u>-</u>	<u>14,522</u>	<u>14,522</u>
	<u>14,522</u>	<u>1,091</u>	<u>167</u>	<u>15,446</u>	<u>14,522</u>

5. ACCOUNTS RECEIVABLE

	2019 \$	2018 \$
Due from members		
Members advances	<u>1,700</u>	<u>1,584</u>
Due from others		
Others receivable	<u>161,945</u>	<u>140,149</u>
Due from government organizations		
ISC	2,889	38,672
CMHC	46,278	42,412
CSETS	11,770	9,563
Parks Canada	21,250	-
Department of Fisheries and Oceans	<u>105,000</u>	<u>52,500</u>
	<u>187,187</u>	<u>143,147</u>
	<u>350,832</u>	<u>284,880</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2019

6. ADVANCES TO RELATED PARTIES

	2019	2018
	\$	\$
Due from related parties		
1106670 BC Ltd (Centre Mountain Joint Venture)	46,687	-
CMBP Project Management Ltd.	508,557	-
Scia'New Investments Ltd.	86,076	14,581
Spirit Bay Developments Limited Partnership	-	1,291,599
	<u>641,320</u>	<u>1,306,180</u>

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

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2019	2018
	\$	\$
Salish Strait Seafood Ltd.	244,131	254,131
M'inuw'ilum Marina LP	78,081	-
1106670 BC Ltd. (Centre Mountain Joint Venture)	-	186,545
SCIA'NEW Nation Investment Corporation	<u>1</u>	<u>1</u>
	<u>322,213</u>	<u>440,677</u>

8. INVESTMENT IN FIRST NATION CONTROLLED GOVERNMENT BUSINESS PARTNERSHIP

Financial information for the fiscal year ended March 31, 2019 prepared from unaudited financial statements of M'inum'ilum Marina Limited Partnership is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Deficit</u>
Year ended Mar 31/19	\$ 88,770	\$ 10,696	\$ 267,761	\$ 339,766	\$(72,005)

Investment in government business partnership is accounted for using the modified equity method. Beecher Bay First Nation has a 99.99% ownership in the partnership.

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

9. LOANS RECEIVABLE

The balance represents Term Notes issued by Spirit Bay Developments Limited Partnership. These notes bear interest at 9% per annum. During the year, the First Nation accrued \$103,100 (2018 \$90,000) of interest income from these notes.

	2019	2018
	\$	\$
Spirit Bay Developments Limited Partnership	2,400,000	1,000,000
Scia'new Investment Corporation	30,000	-
	<u>2,430,000</u>	<u>1,000,000</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
	\$	\$
Accounts payable and accrued liabilities	226,445	248,099
Due to government agencies	<u>1,438</u>	<u>13,838</u>
	<u>227,883</u>	<u>261,937</u>

11. GOVERNMENT BUSINESS PARTNERSHIP LIABILITY

The balance represents the accumulated share of partnership loss up to December 31, 2018 from Spirit Bay Developments Limited Partnership.

12. DEMAND LOANS

	2019	2018
	\$	\$
Royal Bank demand loan is payable at \$472 per month including interest at 4.95% per annum and is secured by a general asset assignment renewable Mar 6, 2020	5,490	10,734

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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

-

2,143

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.

905,723

935,572

911,213

948,449

13. LONG TERM DEBT

2019

2018

\$

\$

All Nation Trust loan is secured by a guarantee from ISC, payable at \$1,889 per month including principal and interest at 4.99% per annum, matures on April 1, 2019

1,892

23,960

CMHC Phase 2 housing loan is secured by a guarantee from ISC, payable at \$2,077 per month including principal and interest at 2.22% per annum, matures on December 1, 2028 and is renewable on January 1, 2019

218,409

238,368

CMHC Phase 1 housing loan is secured by a guarantee from ISC, 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

148,893

170,138

CMHC Phase 3 housing loan is secured by a guarantee from ISC, 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

170,710

200,923

CMHC Phase 4 housing loan is secured by a guarantee from ISC, 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

149,718

158,011

689,622

791,400

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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

2020	82,826
2021	82,326
2022	83,742
2023	85,185
2024	86,654

14. TANGIBLE CAPITAL ASSETS

	C O S T			A M O R T I Z A T I O N				
	Opening Balance	Additions	Closing Balance	Opening Balance	Amorti- zation	Closing Balance	2019 Balance	2018 Balance
Housing	2,612,632	-	2,612,632	1,848,872	130,632	1,979,504	633,128	763,760
Office Building	104,629	-	104,629	55,908	2,498	58,406	46,223	48,721
Furniture & equip	53,516	-	53,516	19,323	4,847	24,170	29,346	34,193
Water chlorinator	101,316	-	101,316	50,119	3,377	53,496	47,820	51,197
Vehicle	30,800	102,405	133,205	9,400	12,970	22,370	110,835	21,400
Infrastructure dev	-	2,298,108	2,298,108	-	-	-	2,298,108	-
Water system dev	-	504,412	504,412	-	-	-	504,412	-
Sewer systems	1,334,235	-	1,334,235	1,255,505	66,712	1,322,217	12,018	78,730
Marina equipment	216,859	-	216,859	201,451	4,425	205,876	10,983	15,408
Application software	40,710	-	40,710	40,710	-	40,710	-	-
Boat and canoe	<u>135,284</u>	<u>-</u>	<u>135,284</u>	<u>42,487</u>	<u>6,764</u>	<u>49,251</u>	<u>86,033</u>	<u>92,797</u>
TOTALS	<u>\$4,629,981</u>	<u>2,904,925</u>	<u>7,534,906</u>	<u>3,523,775</u>	<u>232,225</u>	<u>3,756,000</u>	<u>3,778,906</u>	<u>1,106,206</u>

* There were no disposals during the year.

15. ACCUMULATED SURPLUS (DEFICIT)

	2019 \$	2018 \$
Operation surplus (deficit)	1,592,920	(982,472)
Reserve Funds	327,501	294,664
Investment in Tangible Capital Assets	<u>3,250,027</u>	<u>449,202</u>
	<u>5,170,448</u>	<u>(238,606)</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

16. RELATED PARTY TRANSACTIONS

During the year, the First Nation accrued \$240,000 (2018: \$240,000) as campsite replacement revenue from Spirit Bay Developments Limited Partnership and \$240,000 (2018: \$240,000) for wage reimbursement revenue from Spirit Bay Developments Limited Partnership.

During the year, the First Nation recognized an allowance for bad debt from government business partnership Spirit Bay Developments Limited Partnership in the amount of \$1,874,699.

During the year, the First Nation advanced \$322,012 into 1106670 BC Ltd. in order to support its corporate partnership in a joint venture known as the Centre Mountain Joint Venture. It reclassified a prior year investment of \$186,545 to the receivable account.

During the year, the First Nation advanced \$71,225 into Scia'new Nation Investment Corp. in order to support on going business activity in the forest industry.

During the year, the First Nation advanced \$150,079 into M'inum'ilum Marina Limited Partnership to support its marina business activity. The First Nation also recognized a loss from operations totaling \$71,998.

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.

17. 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) ISC Ministerial Guarantees for loans to the First Nation and individual members in the amount of \$687,730 (2018: \$767,440).

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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, 2019, the First Nation has provided guarantees for a total of \$240,000 for two members.

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.

18. ECONOMIC DEPENDENCE

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

19. COMPARATIVE FIGURES

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

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

20. EXPENSES BY OBJECT

	2019	2018
	\$	\$
Administration	220,757	163,623
Advertising and promotion	1,506	1,000
Allowance for bad debt	1,874,699	-
Amortization	232,226	222,334
Community gatherings/luncheons	43,274	30,888
Culture awareness	22,371	11,811
Donations	1,475	400
Education	86,882	105,197
Health related expenses	15,141	14,357
Honoraria	170,305	189,860
Insurance	33,402	30,633
Interest, principal repayment and bank charges	60,297	76,614
Materials, supplies and equipment	45,416	74,968
Office	10,065	21,777
Other	144,688	120,824
Professional fees	430,165	344,701
Rental	10,856	10,260
Repairs and maintenance	85,906	52,061
Salaries and wages	929,701	798,781
Social development	424,022	376,482
Sub-contracts	297,017	524,315
Training	371	15,863
Travel	130,559	94,026
Unincorporated business expenditure – COGS	116,101	217,202
Utilities	109,281	210,546
Vehicle	<u>1,336</u>	<u>2,665</u>
	<u>5,497,819</u>	<u>3,711,188</u>

BEECHER BAY FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

21. SEGMENTED INFORMATION

Beecher Bay First Nation provides a wide range of services to its membership. For management reporting purpose, Beecher Bay First Nation's operations and activities are organized and reported by department. These departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

(a) Governance and Administration – this function pertains to all the general and administrative functions of Beecher Bay First Nation, including management, reception, accounting, human resource management, staff training, information technology and records.

(b) Education - this department delivers education programs including post secondary as well as provides guidance and counseling services.

(c) Social Development – this department delivers social assistance programs including basic needs, adult in home care and prevention programs.

(d) Lands Management – this department is responsible for managing all related activities pertaining to First Nations lands; the department records legally enforceable interests as well as ensures the accuracy of the land leases, and related data.

(e) Economic Development – this department assists the community in identifying and developing economic development initiatives, links training opportunities and job creation with community labour needs, and undertakes research and planning.

(f) Health – this department delivers health and prevention services to the community as well as providing youth programs and daycare services.

(g) Trust Funds – oversees Ottawa Trust funds.

(h) Community Infrastructure – responsibilities include the care and maintenance of Beecher Bay First Nation infrastructure including government buildings, roads, water and sewer, and materials management; also responsible for the planning and construction of new capital facilities and infrastructure, as well as overseeing housing projects.

22. SEGMENTED DISCLOSURE

Beecher Bay First Nation
Schedule of Segmented Operations
For the Year Ending March 31, 2019
2019 2018

	Administration	Education	Social Development	Lands Management	Economic Development	Health , Health, Youth and Daycare	Ottawa Trust Fund	Operating Reserve Fund Housing	Community Infrastructure	TOTAL	TOTAL
Revenue											
ISC	228,928	116,627	497,329	272,259	3,054,133	-	-	-	846,306	5,015,582	4,927,999
ISC- Recoveries	-	-	-	-	-	-	-	-	-	-	(9,028.00)
Other	283,143	-	23,561.00	91,607	4,927,509	445,230	1,091	-	191,148	5,963,289	3,274,151
GBE's and GBP's (loss)	-	-	-	-	(71,998)	-	-	-	-	(71,998)	(3,718,198)
	512,071	116,627	520,890	363,866	7,909,644	445,230	1,091	-	1,037,454	10,906,873	4,474,924
Expenses											
Salaries and benefits	307,500	15,339	70,280	153,422	171,574	156,704	-	-	54,882	929,701	798,781
Sub-contracts	1,305	-	-	24,860	239,586	14,934.00	-	-	16,332	297,017	524,315
Social Development	-	-	424,022	-	-	-	-	-	-	424,022	389,539
Amortization	-	-	-	-	-	-	-	-	232,226	232,226	222,334
Other Program Expenses	292,526	97,670	4,998.00	94,642	2,702,402	380,984	1,091	(14,823)	55,363	3,614,853	1,776,219
	601,331	113,009	499,300	272,924	3,113,562	552,622	1,091	(14,823)	358,803	5,497,819	3,711,188
Annual surplus (deficit)	(89,260)	3,618	21,590	90,942	4,796,082	(107,392)	-	14,823	678,651	5,409,054	763,736