

BEECHER BAY FIRST NATION

FINANCIAL STATEMENTS

For the year ended MARCH 31, 2020

**Brynjolfson & Company
Chartered Professional Accountant**

**BEECHER BAY FIRST NATION
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2020**

CONTENT

	<u>Page</u>
Management's Statement of Responsibility	1
Independent Auditor's Report	2
Statement of Financial Position	4
Statement of Operations	5
Statement of Change In Net Financial Assets	6
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 financial statements of Beecher Bay First Nation are the responsibility of management and have been approved by Chief and Council.

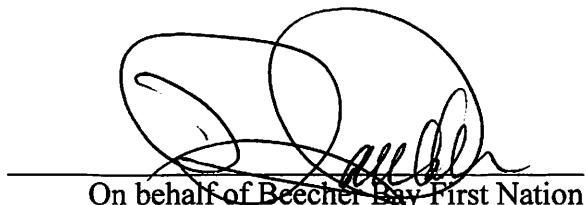
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the CPA Canada and as such include amounts that are the best estimates and judgments of management.

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 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 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: pbrnjolfson@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, 2020, and the statement of operations, the statement of changes in net financial assets, 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 financial statements present fairly, in all material respects, the financial position of Beecher Bay First Nation as at March 31, 2020, and its results of operations, its changes in net financial assets, 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 business enterprises and limited partnerships. I was unable to satisfy myself as to the carrying value of these investments because these entities had either not been audited or their financial information not 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, nor whether the status of any previously determined Government Business Enterprises had changed to a "Government Unit" as a result of an observable event.

Beecher Bay First Nation has undertaken a town centre development within its community; total expenditures for this program still need to be analyzed and is subject to a contingency that some portion may be repayable in the future.

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.

INDEPENDENT AUDITOR'S REPORT Cont'd

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 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 + Co.

Brynjolfson & Company

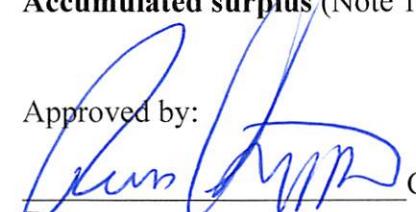
Victoria, B.C.

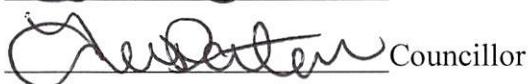
March 28, 2021

BEECHER BAY FIRST NATION
STATEMENT OF FINANCIAL POSITION
March 31, 2020

	2020 Actual \$	2019* Actual \$
Financial assets		
Cash and cash equivalents (Note 3)	4,205,248	5,233,015
Trust funds held by federal government (Note 4)	15,349	15,446
Accounts receivable (Note 5)	1,533,696	350,832
Advances to related parties (Note 6)	1,225,842	641,320
Investment in government business enterprises (Note 7)	1,771,539	1,844,073
Investment in limited partnerships (Note 7)	70,630	78,081
Loans receivable (Note 9)	<u>30,000</u>	<u>2,430,000</u>
	<u>8,852,304</u>	<u>10,592,767</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	552,514	227,883
Deferred revenue	700,000	-
Demand loans (Note 11)	866,903	911,213
Long-term debt (Note 12)	<u>607,578</u>	<u>689,622</u>
	<u>2,726,995</u>	<u>1,828,718</u>
Net financial assets (net debt)	6,125,309	8,764,049
Non-financial assets		
Tangible capital assets (Note 13)	4,151,007	3,778,906
Prepaid Expenses	<u>118,658</u>	<u>117,149</u>
	<u>4,269,665</u>	<u>3,896,055</u>
Accumulated surplus (Note 14)	<u>10,394,974</u>	<u>12,660,104</u>

Approved by:


 Chief

 Councillor

 Councillor

* Restated (Note 19)

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

BEECHER BAY FIRST NATION
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2020

	<u>Budget</u>	<u>2020</u>	<u>2019*</u>
REVENUE			
Indigenous Services Canada (ISC)	1,460,286	1,460,286	5,015,582
Prior Year ISC Recovery	-	(24,310)	-
CMHC	95,224	95,224	89,657
First Nations Health Authority	1,209,459	1,228,336	84,197
Fisheries and Oceans Canada	85,580	85,580	52,500
Natural Resources Canada	1,190,542	909,158	47,140
Ottawa Trust Fund	1,000	827	1,091
Province of B.C.	75,530	101,737	1,930,000
GBEs net income (loss)	-	(63,479)	(167,725)
TSD	-	-	480,000
Rental revenue	100,000	99,910	100,900
Kinder Morgan / Trans Mountain	-	-	1,723,350
Other revenue	768,175	1,643,628	1,341,452
Interest income	80,000	81,324	113,002
Deferred revenue (FNHA)	<u>(700,000)</u>	<u>(700,000)</u>	<u>-</u>
	<u>4,365,796</u>	<u>4,918,221</u>	<u>10,811,146</u>
EXPENSES			
Administration	497,800	519,382	601,331
Education	138,306	95,912	113,009
Social Development	628,053	615,071	499,300
Land Management	469,181	409,770	272,924
Economic Development	1,345,233	3,894,859	3,113,562
Health, Day Care and Youth Group	567,251	446,413	552,622
Ottawa Trust Fund	1,000	923	1,091
Reserves – Social Housing	(14,000)	(18,275)	(14,823)
Community Infrastructure	<u>732,972</u>	<u>1,219,296</u>	<u>358,803</u>
	<u>4,365,796</u>	<u>7,183,351</u>	<u>5,497,819</u>
ANNUAL SURPLUS (DEFICIT)	<u><u>=</u></u>	<u>(2,265,130)</u>	<u>5,313,327</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>12,660,104</u>	<u>7,346,777</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 10,394,974</u>	<u>\$ 12,660,104</u>

* Restated (Note 19)

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

BEECHER BAY FIRST NATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended March 31, 2020

	2020 Actual \$	2019* Actual \$
Annual surplus (deficit)	(2,265,130)	5,313,327
Acquisition of tangible capital assets	(567,935)	(2,904,925)
Amortization of tangible capital assets	<u>195,834</u>	<u>232,225</u>
	<u>(2,637,231)</u>	<u>2,640,627</u>
Acquisition of prepaid expenses	(118,658)	(117,149)
Use of prepaid expenses	<u>117,149</u>	<u>28,330</u>
	<u>(1,509)</u>	<u>(88,819)</u>
Change in Net Financial Assets	(2,638,740)	2,551,808
Net Financial Assets, at beginning of year	<u>8,764,049</u>	<u>6,212,241</u>
Net Financial Assets, end of year	<u>6,125,309</u>	<u>8,764,049</u>

Note: 2020 budget figures are not available.

*Restated (Note 19)

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

**BEECHER BAY FIRST NATION
STATEMENT OF CASH FLOW
For the Year Ended March 31, 2020**

	2020 Actual \$	2019* Actual \$
Operating Activities		
Annual surplus (deficit)	(2,265,130)	5,313,327
Items not affecting cash		
Allowance for loan receivable impairment	3,200,000	-
Amortization of tangible capital assets	195,834	232,225
GBE net loss	<u>63,479</u>	<u>167,725</u>
	(1,194,183)	5,713,277
Change in non-cash items on statement of financial position		
Accounts receivable	(1,182,864)	(65,952)
Inventory	-	18,302
Prepaid expenses	(1,509)	(88,819)
Accounts payable and accrued liabilities	324,631	(34,054)
Deferred revenue	<u>700,000</u>	-
	<u>1,034,441</u>	<u>5,542,754</u>
Capital Activities		
Cash used to acquire tangible capital assets	<u>(567,935)</u>	<u>(2,904,925)</u>
Investing Activities		
Loans receivable advanced	(800,000)	(1,430,000)
Investment in GBE	16,506	46,466
Advances to related parties	<u>(584,522)</u>	<u>465,130</u>
	<u>(1,368,016)</u>	<u>(918,404)</u>
Financing Activities		
Repayment of demand loans	(44,310)	(37,236)
First Nations debt repayment	<u>(82,044)</u>	<u>(101,778)</u>
	<u>(126,354)</u>	<u>(139,014)</u>
Increase (decrease) in cash and cash equivalents	(1,027,864)	1,580,411
Cash and equivalents – Beginning of year	<u>5,248,461</u>	<u>3,668,050</u>
Cash and equivalents – End of year	<u>4,220,597</u>	<u>5,248,461</u>
REPRESENTED BY:		
Cash and cash equivalents	4,205,248	5,233,015
Trust Funds held by federal government	<u>15,349</u>	<u>15,446</u>
	<u>4,220,597</u>	<u>5,248,461</u>

* Restated (Note 19)

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

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2020**

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) which are accounted for by the modified equity method. All inter-fund and inter-organization transactions and balances have been eliminated on consolidation. There are no controlled entities to be consolidated.

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

The commercial enterprises 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. Sc’ianew Development Corporation – a wholly owned government business enterprise which was incorporated in February 2013; it has a March 31st year end.

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

3. 1106670 BC Ltd - a wholly owned GBE, incorporated in August 2013; it has a March 31st year end.

Other commercial enterprises are comprised of limited partnership interests, as follows:

1. Spirit Bay Developments Limited Partnership – 51% owned limited partnership interest which was setup in August 2013; it has a December 31st year end.
2. M'inuw'ilum Marina Limited Partnership - 99% owned limited partnership interest set-up in July 2018 to operate the band marina; it has a March 31st year end.

Note: The financial statements for Salish Strait Seafoods Ltd. were not available. The financial statements of all entities are unaudited.

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.

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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 statement of operations.

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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 FINANCIAL STATEMENTS MARCH 31, 2020

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, 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 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 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 FINANCIAL STATEMENTS MARCH 31, 2020

3. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Externally restricted		
Operating Reserve	11,065	11,012
Replacement Reserve	<u>75,764</u>	<u>75,226</u>
	<u>86,829</u>	<u>86,238</u>
Unrestricted		
Cash and banks	<u>4,118,419</u>	<u>5,146,777</u>
Total Cash and Cash Equivalents	<u>4,205,248</u>	<u>5,233,015</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 \$97,834 (2019 under funded by \$88,891).

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 \$150,647 (2019 under funded by \$132,372).

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, 2020, the First Nation has no outstanding balance.

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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 \$	2020 Total \$	2019 Total \$
Revenue	924	827	924	827	924
Capital	<u>14,522</u>	<u>-</u>	<u>-</u>	<u>14,522</u>	<u>14,522</u>
	<u>15,446</u>	<u>827</u>	<u>924</u>	<u>15,349</u>	<u>15,446</u>

5. ACCOUNTS RECEIVABLE

	2020 \$	2019 \$
Due from members		
Members advances	<u>2,763</u>	<u>1,700</u>
Due from others		
Others receivable	<u>341,610</u>	<u>161,945</u>
Due from government organizations		
ISC	19,736	2,889
CMHC	104,131	46,278
CSETS	19,649	11,770
First Nations Health Authority	700,000	-
Govt of Canada (Coastguard)	100,000	-
Govt of Canada (NCR)	126,429	-
Department of Fisheries and Oceans	119,378	105,000
Parks Canada	<u>-</u>	<u>21,250</u>
	<u>1,189,323</u>	<u>187,187</u>
	<u>1,533,696</u>	<u>350,832</u>

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

6. ADVANCES TO RELATED PARTIES

	2020	2019
	\$	\$
Due from related parties		
1106670 BC Ltd (Centre Mountain Joint Venture)	236,880	46,687
CMBP Project Management Ltd.	838,557	508,557
Sc'ianew Development Corporation	92,750	86,076
Salish Strait Seafoods Ltd.	23,000	-
M'inuw'ilum Marina LP	<u>34,655</u>	<u>-</u>
	<u>1,225,842</u>	<u>641,320</u>

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

7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES AND LIMITED PARTNERSHIP

	2020	2019
	\$	\$
Government Business Enterprise:		
Salish Strait Seafood Ltd.	231,131	244,131
1106670 B.C. Ltd.	503,954	555,988
Sc'ianew Development Corporation	<u>1,036,454</u>	<u>1,043,954</u>
	<u>1,771,539</u>	<u>1,844,073</u>
Limited Partnership:		
M'inuw'ilum Marina LP	<u>70,630</u>	<u>78,081</u>

8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

Financial information for the fiscal year ended March 31, 2020 prepared from unaudited financial statements of **1106670 BC Ltd** is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Capital</u>
Year ended Mar 31/20	<u>\$ 742,334</u>	<u>\$ 238,380</u>	<u>\$ 142,503</u>	<u>\$ (194,537)</u>	<u>\$ 503,954</u>

Investment in government controlled business enterprise is accounted for using the modified equity method. Beecher Bay First Nation has a 100% ownership in the company.

Financial information for the fiscal year ended March 31, 2020 prepared from unaudited

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

financial statements of **Sc'ianew Development Corporation Ltd** is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Capital</u>
Year ended Mar 31/20	\$ <u>1,460,704</u>	\$ <u>424,250</u>	\$ <u>3</u>	\$ <u>(7,503)</u>	\$ <u>1,036,454</u>

Investment in government controlled business enterprise is accounted for using the modified equity method. Beecher Bay First Nation has a 100% ownership in the company.

Note: The financial statements for **Salish Strait Seafood Ltd.** were unavailable.

9. LOANS RECEIVABLE

The balances represent non-interest bearing loans to Spirit Bay Developments Limited Partnership and loans to Sc'ianew Development Corporation; management indicated that no specific terms of repayment are currently in effect.

	2020 \$	2019 \$
Spirit Bay Developments Limited Partnership	3,200,000	2,400,000
Less: Allowance for loan impairment	<u>(3,200,000)</u>	<u>-</u>
	<u>-</u>	<u>2,400,000</u>
Sc'ianew Development Corporation	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>2,430,000</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 \$	2019 \$
Accounts payable and accrued liabilities	533,806	226,445
Due to government agencies	<u>18,708</u>	<u>1,438</u>
	<u>552,514</u>	<u>227,883</u>

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

11. DEMAND LOANS

	2020 \$	2019 \$
Royal Bank demand loan is payable at \$472 per month including interest at 4.95% per annum and was secured by a general asset assignment, matured March 7, 2020.	-	5,490

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.	<u>866,903</u>	<u>905,723</u>
	<u>866,903</u>	<u>911,213</u>

12. LONG TERM DEBT

	2020 \$	2019 \$
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, matured on April 1, 2019	-	1,892
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, 2024	198,489	218,409
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	127,514	148,893
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 July 1, 2024	140,106	170,710

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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

141,469

149,718

607,578

689,622

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

2021	82,326
2022	83,742
2023	85,185
2024	86,654
2025	87,542

13. 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	Amortization	Closing Balance	2020 Balance	2019 Balance
Housing	2,612,632	-	2,612,632	1,979,504	130,632	2,110,136	502,496	633,128
Office Building	104,629	66,532	171,161	58,406	5,160	63,566	107,595	46,223
Furniture & equip	53,516	67,055	120,571	24,170	11,424	35,594	84,977	29,346
Water chlorinator	101,316	305	101,621	53,496	3,377	56,873	44,748	47,820
Vehicle	133,205	22,288	155,493	22,370	13,710	36,080	119,413	110,835
Infrastructure dev	2,298,108	-	2,298,108	-	-	-	2,298,108	2,298,108
Water system dev	504,412	245,260	749,672	-	-	-	749,672	504,412
Sewer systems	1,334,235	-	1,334,235	1,322,217	12,018	1,334,235	-	12,018
Marina equipment	216,859	-	216,859	205,876	4,424	210,300	6,559	10,983
Application software	40,710	-	40,710	40,710	-	40,710	-	-
Boat and canoe	<u>135,284</u>	<u>166,495</u>	<u>301,779</u>	<u>49,251</u>	<u>15,089</u>	<u>64,340</u>	<u>237,439</u>	<u>86,033</u>
TOTALS	\$ 7,534,906	567,935	8,102,841	3,756,000	195,834	3,951,834	4,151,007	3,778,906

* There were no disposals during the year.

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

14. ACCUMULATED SURPLUS (DEFICIT)

	2020 \$	2019 \$
Operation surplus (deficit)	6,317,792	9,082,576
Reserve Funds	373,010	327,501
Investment in Tangible Capital Assets	<u>3,704,172</u>	<u>3,250,027</u>
	<u>10,394,974</u>	<u>12,660,104</u>

15. RELATED PARTY TRANSACTIONS

During the year, the First Nation advanced \$330,000 to CMBP Project Management Ltd. in order to support its corporate partnership in a joint venture known as the Centre Mountain Joint Venture, which pertains to the development of an industrial site.

During the year, the First Nation advanced \$6,674 in property tax payments on behalf of Scia'new Nation Investment Corp. in order to support on-going business activity in the forest industry. It also recognized a loss from operations totaling \$(7,500).

During the year, the First Nation advanced \$190,193 to 1106670 BC Ltd. to support the company in its corporate partnership in a joint venture known as the Centre Mountain Joint Venture, which pertains to the development of an industrial site. It also recognized a loss from operations totaling \$(52,033).

During the year, the First Nation advanced \$34,655 into M'inum'ilum Marina Limited Partnership to support its marina business activity.

During the year, the First Nation loaned \$800,000 to Spirit Bay Developments Limited Partnership to support its property development business activity. It also set-up an allowance for loan receivable impairment for the outstanding loan receivable of \$3,200,000.

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 FINANCIAL STATEMENTS
MARCH 31, 2020

16. 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 \$606,739 (2019: \$687,730).
- 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, 2020, the First Nation has provided guarantees for a total of \$240,000 for two members.

17. 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.

18. COMPARATIVE FIGURES

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

19. RESTATEMENT OF COMPARATIVE FIGURES

The prior year's comparative figures have been restated to reflect the investment in and net loss for 2019 for government business enterprises separately from partnerships and to reverse a business partnership liability pertaining to limited partnership cumulative losses.

The opening accumulated surplus at April 1, 2018 was increased by \$5,889,715 and at March 21, 2019 by \$9,359,679 by the elimination of the business partnership liability.

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

20. EXPENSES BY OBJECT

	2020	2019
	\$	\$
Administration	270,516	220,757
Advertising and promotion	-	1,506
Allowance for loan receivable impairment	3,200,000	-
Allowance for advance receivable impairment	-	1,874,699
Amortization	195,834	232,226
Community gatherings/luncheons	69,209	43,274
Culture awareness	14,250	22,371
Donations	897	1,475
Education	60,487	86,882
Health related expenses	14,312	15,141
Honoraria	166,960	170,305
Insurance	39,471	33,402
Interest, principal repayment and bank charges	61,818	60,297
Materials, supplies and equipment	44,551	45,416
Office	8,103	10,065
Other	145,537	144,688
Professional fees	550,206	430,165
Rental	6,000	10,856
Repairs and maintenance	16,369	85,906
Salaries and wages	927,387	929,701
Social development	454,450	424,022
Sub-contracts	481,979	297,017
Training	142,689	371
Travel	152,688	130,559
Unincorporated business expenditure – COGS	-	116,101
Utilities	151,193	109,281
Vehicle	<u>8,445</u>	<u>1,336</u>
	<u>7,183,351</u>	<u>5,497,819</u>

BEECHER BAY FIRST NATION

NOTES TO FINANCIAL STATEMENTS **MARCH 31, 2020**

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, 2020**

	Administration	Education	Social Development	Lands Management	Economic Development	Health, Youth and Daycare	Operating			2020 Total	2019 * Total
							Ottawa Trust Fund	Reserve Fund Housing	Community Infrastructure		
Revenue											
ISC	239,876	138,306	534,553	274,981	58,226	19,736	-	-	194,608	1,460,286	5,015,582
ISC- Recoveries	(24,310)	-	-	-	-	-	-	-	-	(24,310)	
Deferred revenue	-	-	-	-	-	-	-	-	(700,000)	(700,000)	
Other	767,614	-	60,000	251,433	1,580,624	649,517	826	9,534	913,000	4,232,548	5,963,289
GBE's net income (loss)	-	-	-	-	(50,303)	-	-	-	-	(50,303)	(167,725)
	983,180	138,306	594,553	526,414	1,588,547	669,253	826	9,534	407,608	4,918,221	10,811,146
Expenses											
Salaries and benefits	246,421	19,330	82,978	171,963	191,001	146,709	-	-	68,985	927,387	929,701
Sub-contracts	22,142	-	55,598	42,504	101,819	24,099	-	-	235,817	481,979	297,017
Social Development	-	-	454,450	-	-	-	-	-	-	454,450	424,022
Amortization	-	-	-	-	-	-	-	-	195,834	195,834	232,226
Allowance for loan receivable impairment	-	-	-	-	2,400,000	-	-	-	800,000.00	3,200,000	
Other Program Expenses	250,819	76,582	22,045	195,303	1,202,039	275,605	923	(18,275)	(81,340)	1,923,701	3,614,853
	519,382	95,912	615,071	409,770	3,894,859	446,413	923	(18,275)	1,219,296	7,183,351	5,497,819
Annual surplus (deficit)	463,798	42,394	(20,518)	116,644	(2,306,312)	222,840	(97)	27,809	(811,688)	(2,265,130)	5,313,327

* Restated (Note 19)