

Beausoleil First Nation
Financial Statements
For the year ended March 31, 2017

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Beausoleil First Nation

Management's Responsibility for the Financial Statements

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

These 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. Management is responsible 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.

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.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Beausoleil First Nation and meet when required.

On behalf of Beausoleil First Nation:

Mary McCue-King

Chief

A. Dan Monague

First Nation Administrator

July 18, 2017



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BDO Canada LLP
239 Manitoba Street, Suite 1
Bracebridge ON P1L 1S2 Canada

Independent Auditor's Report

To the Members of Beausoleil First Nation

We have audited the accompanying financial statements of Beausoleil First Nation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows 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

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

An audit involves 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 considers internal control relevant to the entity's preparation and 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beausoleil First Nation as at March 31, 2017, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matters

Beausoleil First Nation has also prepared another set of financial statements for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards. However, these financial statements include unaudited supplementary schedules which present detailed program revenues and expenditures prepared to assist management of Beausoleil First Nation to meet the reporting requirements of various funding agencies. Our audit report on the other set of financial statements was issued to Chief and Council of Beausoleil First Nation and was dated July 18, 2017.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Bracebridge, Ontario
July 18, 2017

**Beausoleil First Nation
Statement of Financial Position**

March 31	2017	2016
Financial assets		
Cash and cash equivalents (Note 2)	\$ 18,458,478	\$ 15,959,679
Investments (Note 3)	259,644	559,644
Trust funds held by federal government (Note 4)	58,204	55,459
Accounts receivable (Note 5)	481,246	222,837
Due from government (Note 6)	4,479,595	655,274
Loans receivable (Note 7)	156,626	296,124
	23,893,793	17,749,017
Liabilities		
Bank loan (Note 8)	-	21,584
Accounts payable and accrued liabilities (Note 9)	2,893,782	2,183,918
Due to government (Note 10)	182,263	798,190
Deferred revenue (Note 11)	4,879,201	342,581
Long-term debt (Note 12)	2,236,725	2,392,142
Solid waste closure and post-closure liabilities (Note 13)	653,905	634,521
	10,845,876	6,372,936
Net financial assets	13,047,917	11,376,081
Non-financial assets		
Tangible capital assets (Note 15)	28,505,012	27,638,279
Prepaid expenses	103,556	114,573
	28,608,568	27,752,852
Accumulated surplus	\$ 41,656,485	\$ 39,128,933

Contingent Liabilities (Note 16)

Trust Under Administration (Note 18)

On behalf of Beausoleil First Nation:

Chief Councillor

First Nation Administrator

The accompanying notes are an integral part of these financial statements

Beausoleil First Nation Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget 2017 (Note 19)	2017	2016
Revenue			
Federal government transfers (Note 17)	\$ 10,032,265	\$ 11,005,281	\$ 7,133,262
Provincial government transfers (Note 17)	4,784,468	4,672,619	4,453,078
Nookmis Trust revenue	4,377,577	3,586,147	4,357,577
Ontario First Nation Limited Partner	1,200,000	1,433,073	1,259,072
User fees	719,200	698,819	977,026
Other	3,856,962	3,218,819	2,124,485
	24,970,472	24,614,758	20,304,500
Expenses			
Administration and governance	7,236,458	2,824,092	2,506,984
Education	5,049,689	4,930,105	3,956,162
Health services	2,082,921	1,905,014	1,817,098
Social and community services	2,800,407	2,635,317	2,708,774
Housing	735,620	1,229,421	1,107,961
Infrastructure and community property	1,779,857	2,385,094	2,408,828
Employment and economic development	507,369	465,649	409,831
Transportation	2,724,850	2,445,648	1,969,268
Lands	507,600	401,608	346,578
Emergency services	1,329,664	1,420,529	1,419,170
Reserve and other	1,818,911	1,444,729	958,149
	26,573,346	22,087,206	19,608,803
Annual surplus (deficit)	(1,602,874)	2,527,552	695,697
Accumulated surplus, beginning of year	39,128,933	39,128,933	38,433,236
Accumulated surplus, end of year	\$ 37,526,059	\$ 41,656,485	\$ 39,128,933

Segment Disclosure (Note 20)

Beausoleil First Nation
Statement of Change in Net Financial Assets

For the year ended March 31	Budget 2017 (Note 19)	2017	2016
Annual surplus (deficit)	\$ (1,602,874)	\$ 2,527,552	\$ 695,697
Acquisition of tangible capital assets	(1,356,025)	(2,749,461)	(1,002,188)
Amortization of tangible capital assets	-	1,670,571	1,527,898
Gain on disposal of tangible capital assets	-	(61,838)	(25,246)
Proceeds on disposal of tangible capital assets	-	273,995	205,000
	(2,958,899)	1,660,819	1,401,161
Use (purchase) of prepaid expenses	-	11,017	(18,519)
Increase (decrease) in net financial assets	(2,958,899)	1,671,836	1,382,642
Net financial assets, beginning of year	11,376,081	11,376,081	9,993,439
Net financial assets, end of year	\$ 8,417,182	\$ 13,047,917	\$ 11,376,081

Beausoleil First Nation Statement of Cash Flows

For the year ended March 31	2017	2016
Operating transactions		
Annual surplus	\$ 2,527,552	\$ 695,697
Items not involving cash:		
Amortization of tangible capital assets	1,670,571	1,527,898
Accretion expense related to solid waste closure and post-closure liabilities	19,384	9,120
Gain on disposal of tangible capital assets	(61,838)	(25,246)
Changes in non-cash operating balances:		
Accounts receivable	(258,409)	75,194
Due from government	(3,824,321)	1,333,124
Prepaid expenses	11,017	(18,519)
Accounts payable and accrued liabilities	709,864	(461,895)
Due to government	(615,927)	63,031
Deferred revenue	4,536,620	227,154
Cash provided by operating transactions	<u>4,714,513</u>	<u>3,425,558</u>
Capital transactions		
Acquisition of tangible capital assets	(2,749,461)	(1,002,188)
Proceeds on disposal of tangible capital assets	273,995	205,000
Cash applied to capital transactions	<u>(2,475,466)</u>	<u>(797,188)</u>
Investing transactions		
Decrease in investments	300,000	123,000
Change in funds held in trust by federal government	(2,745)	(2,833)
Loans receivable	139,498	(332)
Cash provided by investing transactions	<u>436,753</u>	<u>119,835</u>
Financing transaction		
Decrease in bank indebtedness	(21,584)	(36,999)
Proceeds from issuance of long-term debt	-	738,684
Repayment of long-term debt	(155,417)	(160,109)
Cash provided by (applied to) financing transactions	<u>(177,001)</u>	<u>541,576</u>
Increase in cash and cash equivalents	2,498,799	3,289,781
Cash and cash equivalents, beginning of year	15,959,679	12,669,898
Cash and cash equivalents, end of year	\$ 18,458,478	\$ 15,959,679

The accompanying notes are an integral part of these financial statements

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

1. Summary of Significant Accounting Policies

a) Nature of Organization

Beausoleil First Nation (the "First Nation") provides government type services such as education, health and social services, economic development, emergency services, transportation, housing, lands and other general government services.

The First Nation is exempt from income tax.

b) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada (CPA Canada).

c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, mutual funds and guaranteed investment certificates having a maturity of less than three months from the date of acquisition which are held for the purpose of meeting short-term cash commitments.

d) Investments

Investments are recorded at the lower of cost and market value.

e) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on a regular basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 to 30 years
Buildings	30 to 50 years
Infrastructure	25 to 60 years
Machinery and equipment	4 to 25 years
Furniture, computers and fixtures	3 to 20 years
Assets under construction	-

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

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.

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.

g) Landfill Closure and Post-Closure Accrual

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

h) Pension Plan

The First Nation is an employer member of The Great West Life Assurance Company, which is a defined contribution pension plan. The Pension Committee, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The First Nation records as pension expense the current service cost.

i) Revenue Recognition

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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

2. Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following:

	2017	2016
Externally restricted		
CMHC replacement and operating reserves	\$ 171,764	\$ 170,822
Internally restricted		
OFNLP	2,802,670	2,949,443
Per capita distributions	1,090,842	938,691
Nookmis revenue	9,251,088	6,992,973
Unrestricted		
Operating	1,421,684	903,552
Other	3,720,430	4,004,198
Total cash	\$ 18,458,478	\$ 15,959,679

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Beausoleil First Nation must set aside funds annually for the repair, maintenance and replacement of assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

3. Investments

	Cost March 31, 2017	Market Value March 31, 2017	Cost March 31, 2016	Market Value March 31, 2016
Equity investment	\$ 259,644	\$ 265,973	\$ 559,644	\$ 567,643

The investments earn interest ranging between 2.55% to 4.00% and mature during 2019 to 2021.

**Beausoleil First Nation
Notes to Financial Statements**

March 31, 2017

4. Trust Funds held by Federal Government

	Balance March 31, 2016	2017 Additions	2017 Withdrawals	Balance March 31, 2017
Revenue	\$ 52,615	\$ 2,745	\$ -	\$ 55,360
Capital	2,844	-	-	2,844
	\$ 55,459	\$ 2,745	\$ -	\$ 58,204

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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

5. Accounts Receivable

	2017	2016
Due from members:		
Rent	\$ 356,660	\$ 339,771
Social Housing	311,375	700,047
Due from others:		
Services - non members	514,034	254,460
	1,182,069	1,294,278
Less impairment allowance	(700,823)	(1,071,441)
Total accounts receivable	\$ 481,246	\$ 222,837

6. Due from Government

	2017	2016
Federal government		
Indigenous and Northern Affairs Canada	\$ 2,049,063	\$ 213,216
Health Canada	-	98,454
Canada Mortgage and Housing Corporation	247,131	113,122
HST	95,836	61,427
Provincial government	2,087,565	169,055
	\$ 4,479,595	\$ 655,274

**Beausoleil First Nation
Notes to Financial Statements**

March 31, 2017

7. Loans Receivable

	2017	2016
Mortgages to members, bearing various rates and various repayment terms	\$ 466,745	\$ 461,929
Other loans to members, bearing various rates and various repayment terms	223,052	237,819
	689,797	699,748
Less valuation allowance	(533,171)	(403,624)
	\$ 156,626	\$ 296,124

8. Bank Loan

	2017	2016
Term loan, repayable \$3,083 monthly including interest at prime plus 1.5%, matured November 2016 (b)	\$ -	\$ 21,584

The First Nation has arranged for credit facilities which include the following:

- (a) \$500,000 credit facility available to fund operating requirements, which was unutilized as of March 31, 2017.
- (b) \$185,000 term loan to fund the installation of broadband internet services, which was unutilized as of March 31, 2017.
- (c) \$2,000,000 credit facility to fund costs relating to the purchase of community infrastructure, which was unutilized as of March 31, 2017.

All loans are secured by a general security agreement.

9. Accounts Payable and Accrued Liabilities

	2017	2016
Trade payables	\$ 720,643	\$ 407,642
Accrued salaries and benefits payable	475,413	480,255
Other accrued liabilities	606,884	357,330
Per capita distributions payable to Members	1,090,842	938,691
	\$ 2,893,782	\$ 2,183,918

**Beausoleil First Nation
Notes to Financial Statements**

March 31, 2017

10. Due to Government

	2017	2016
Federal government	\$ 70,493	\$ 771,909
Provincial government	111,770	26,281
	\$ 182,263	\$ 798,190

11. Deferred Revenue

	Balance March 31, 2016	2017 Funding Received	2017 Revenue Recognized	Balance March 31, 2017
Government:				
Federal	\$ 187,249	\$ 12,556,980	\$ 9,756,368	\$ 2,987,861
Provincial	42,094	1,776,531	63,173	1,755,452
	229,343	14,333,511	9,819,541	4,743,313
Other:				
Unearned fees	113,238	96,926	74,276	135,888
	\$ 342,581	\$ 14,430,437	\$ 9,893,817	\$ 4,879,201

**Beausoleil First Nation
Notes to Financial Statements**

March 31, 2017

12. Long-term Debt

	2017	2016
Mortgage payable \$1,293 monthly including principal and interest, bearing interest at 0.94% per annum due September 2020	\$ 53,383	\$ 68,318
Mortgage payable \$1,789 monthly including principal and interest, bearing interest at 1.43% per annum due April 2022	199,960	218,195
Mortgage payable \$6,028 monthly including principal and interest, bearing interest at 2.04% per annum due March 2019	471,662	533,755
Mortgage payable \$3,896 monthly including principal and interest, bearing interest at 1.43% per annum due April 2022	812,936	846,977
Mortgage payable \$2,815 monthly including principal and interest, bearing interest at 1.08% per annum due August 2020	698,784	724,897
	\$ 2,236,725	\$ 2,392,142

Anticipated annual principal repayments over the next five years and thereafter are due as follows:

Year	\$	Amount
2018	\$	159,695
2019		504,265
2020		97,975
2021		683,015
2022		57,284
Thereafter		734,491
	\$	2,236,725

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

13. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the First Nation's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$653,905 (2016 - \$634,521) and reflects a discount rate of 3.3% (2016 - 3.5%). The estimated total expenditures for landfill closure costs are approximately \$690,000 with annual post-closure care costs of approximately \$3,000 per year for 30 years.

The liability is based on estimates and assumptions related to events extending over the remaining life cycle of the landfill. The landfill had reached its capacity during 2008. As of March 31, 2017, the landfill has not been closed. There are no specific assets designated for these post-closure costs, though management believes that the current accumulated surplus will be sufficiently maintained to meet this liability. The estimated length of time needed for post-closure care is 30 years.

Management expects these future costs to be funded by INAC when incurred at a future date.

14. Pension Plan

The First Nation makes contributions to The Great West Life Assurance Company pension plan. This plan is a defined contribution plan. The First Nation matches employee contributions up to a maximum of 5% of the employees compensation. Employees have the choice of contributing up to 13% of their compensation to the plan. The retirement benefit for each employee is the amount that can be provided at retirement based on the accumulated contributions made on that individual's behalf and investment earnings on those contributions.

During the year, the First Nation contributed \$198,948 (2016 - \$215,703) to the defined contribution pension plan and is included in employee benefits in the statement of financial activities. There were no significant changes to the plan during the year.

Beausoleil First Nation
Notes to Financial Statements

March 31, 2017

15. Tangible Capital Assets

	Cost		Accumulated Amortization			Net Book Value				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals	Closing Balance	Total 2017	Total 2016
Land Improvements	1,850,861	-	-	1,850,861	1,179,634	48,380	-	1,228,014	622,847	671,227
Buildings	32,820,881	151,703	(220,527)	32,752,057	12,054,258	824,660	(41,167)	12,837,751	19,914,306	20,766,623
Infrastructure	4,009,450	55,630	-	4,065,080	2,414,036	100,676	-	2,514,712	1,550,368	1,595,414
Machinery and equipment	7,244,307	1,460,744	(56,769)	8,648,282	4,737,231	610,085	(23,972)	5,323,344	3,324,938	2,507,076
Furniture, computers and fixtures	642,019	171,388	(2,006)	811,401	398,302	86,770	(2,006)	483,066	328,335	243,717
Assets under construction	1,854,222	909,996	-	2,764,218	-	-	-	-	2,764,218	1,854,222
Total	\$48,421,740	\$ 2,749,461	\$ (279,302)	\$50,891,899	\$ 20,783,461	\$ 1,670,571	\$ (67,145)	\$ 22,386,887	\$ 28,505,012	\$ 27,638,279

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

16. Contingent Liabilities

- a) The First Nation has guaranteed the mortgages of certain members totaling a maximum of approximately \$340,000. If it is determined that a loss is likely, a provision for loss is recorded. The provision is determined using the best estimates available and taking into consideration all known circumstances. A provision for loan losses is reviewed by management on an annual basis.
- b) The First Nation receives funding for various programs subject to government approval. Where differences exist between the government agency's net approved expenses and their actual net expenses, the resolution of these variances will be negotiated between the agency and the First Nation. Any resultant adjustments will be recognized in the year in which the changes are confirmed by the agency.
- c) Various claims have been filed or are pending against the First Nation for incidents which arose in the ordinary course of business. In the opinion of management, the outcome of the claims, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

17. Government Transfers

	2017	2016
Federal government transfers		
Operating:		
Indigenous and Northern Affairs Canada:		
Fixed contribution	\$ 6,265,907	\$ 4,285,156
Flexible contribution	891,000	-
Grant	437,774	451,041
Set contribution	2,202,526	1,725,016
Change in deferred balances	(1,398,724)	(93,242)
Change in prior years' accrued amounts	712,616	(909,481)
Health Canada	1,070,029	983,299
Canada Mortgage and Housing Corporation	483,509	338,923
Other	340,644	352,550
Total federal government transfers	11,005,281	7,133,262
Provincial government transfers		
Operating	4,672,619	4,453,078
Total government transfers	\$ 15,677,900	\$ 11,586,340

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

18. Trust Under Administration

On February 10, 2012, Her Majesty the Queen in Right of Canada ("Canada") signed the Coldwater-Narrows Settlement Agreement ("Settlement Agreement") with the Chippewas of Nawash Unceded First Nation and the Chippewa Tri-Council First Nations. Under the terms of the Settlement Agreement, Canada agreed to pay compensation to the Chippewas of Nawash Unceded First Nation and the Chippewa Tri-Council First Nations in respect of the surrender of the Coldwater-Narrows Reserve. As compensation for this settlement, Canada paid \$88,879,967 into a Trust Account governed by the Niigaaning Gchi Mniissing Trust Agreement ("Trust Agreement") established on December 14, 2012. Members of the Chippewa Tri-Council First Nations, which include the Beausoleil First Nation, gave assent and ratification to the terms of the Settlement Agreement and the Trust Agreement on April 14, 2012.

The Settlement Agreement required the Beausoleil First Nation to establish the Niigaaning Gchi Mniissing Trust ("the Trust") to hold the compensation and any income there from for the long term benefit of the Members of the Beausoleil First Nation as beneficiary.

The Trustees are required to administer the Trust in accordance with the Trust Agreement and the Investment Policy for the trust.

The year end of the Trust is December 31, 2016. Supplemental financial information is as follows:

	<u>2016</u>	<u>2015</u>
Financial assets	\$ 81,190,661	\$ 81,220,909
Financial liabilities	3,647,361	4,464,984
Trust equity	\$ 77,543,300	\$ 76,755,925
Revenue	\$ 4,195,569	\$ 4,995,604
Expenses	749,956	745,250
Surplus from operations	\$ 3,445,613	\$ 4,250,354

**Beausoleil First Nation
Notes to Financial Statements**

March 31, 2017

19. Budget

The Financial Plan (Budget) adopted by Chief and Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. In addition, the budget expensed all tangible capital expenditures and mortgage payments rather than including amortization expense and interest expense respectively. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Chief and Council with adjustments as follows:

	<u>2017</u>
Financial Plan/Budget deficit for the year	\$ (3,135,898)
Add:	
Capital expenditures	1,356,025
Principal payments toward long-term debt	176,999
	<hr/>
Budget deficit per statement of operations	<u>\$ (1,602,874)</u>

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

20. Segmented Information

The First Nation is a diversified government institution that provides a wide range of services to its members such as education, health and social services, economic development, housing, police, fire, public works, planning, lands and trust, recreation and other general government services. Distinguishable functional segments have been separately disclosed in the segmented information.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts are allocated on a reasonable basis. Therefore certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

The nature of the segments and the activities they encompass are as follows:

Administration and Governance

The administration and governance functional area oversees the delivery of all governmental services. The functional area is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this functional area includes the governance activities of chief and council and management, public infrastructure, employment and training, library services, social housing and assistance for computer and communications related projects and services.

Education

The education functional area provides education management services to the First Nation members as well as overseeing various small incentives, including operation of the library on behalf of the communities.

Health Services

The health services functional area provides a diverse bundle of services directed toward the well-being of the First Nation members including such activities as long-term care, health centres, diabetes, fetal alcohol syndrome, mental health, smoke free programs, traditional healing, and training designed to enhance the health of member communities.

Social and Community Services

The social and community services functional area provides services directed towards the well being of member's in need on non-health related services including such activities as income support, home support and provision of child welfare services.

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

20. Segmented Information (continued)

Housing

The housing functional area provides rental housing to qualifying members of the First Nation.

Infrastructure and Community Property

The infrastructure and community property functional area provides services for the longevity of the First Nation by the acquisition and maintenance and management of the physical assets of the First Nation, excluding housing.

Employment and Economic Development

The employment and economic development functional area provides services, employment and training opportunities to members along with encouraging economic development of the First Nation through direct and indirect economic development initiatives.

Transportation

The transportation functional area provides transportation services to and from the First Nation in the form of ferries, hovercraft, and air boats.

Lands

The lands functional area provides services for the First Nation to pursue various activities related to lands on behalf of the members.

Emergency Services

The emergency services functional area provides services for the First Nation relating to ambulance, fire, and emergency preparedness.

Reserve and Other

The reserve and other functional area includes the management and distribution of funds received from the Ontario First Nations Limited Partnership, and trust funds held by Aboriginal Affairs and Northern Development Canada.

For each reported segment, revenues and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information, including transfers that have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the summary of significant accounting policies.

Beausoleil First Nation Notes to Financial Statements

March 31, 2017

20. Segmented Information (continued)

	Housing		Infrastructure and Community Property		Employment and Economic Development		Transportation	
	Budget 2017	2017	Budget 2017	2017	Budget 2017	2017	Budget 2017	2017
Revenue								
Federal government transfers	\$ 382,963	\$ 720,665	\$ 376,661	\$ 914,406	\$ 188,512	\$ 174,740	\$ 2,429,735	\$ 2,583,890
Provincial government transfers	-	-	-	82,518	121,030	151,645	-	-
Nookmis Trust revenue	-	-	-	-	-	-	-	-
Ontario First Nation Limited Partner	-	-	-	-	-	-	-	-
User fees	316,600	319,722	325,835	-	-	-	-	-
Other	248,632	271,251	236,985	301,176	176,988	135,678	510,247	-
	948,195	1,311,638	939,481	1,298,100	486,530	462,063	2,939,982	2,583,890
								350,424
Expenses								
Salaries and wages and other	181,900	182,358	167,189	836,200	367,300	315,849	1,291,800	1,239,491
Materials, services and other	265,308	221,482	286,300	422,281	129,678	90,399	853,100	330,626
Repairs and maintenance	237,663	193,179	202,135	333,836	13,115	10,861	556,000	617,588
Contracted services, professional fees	7,500	3,986	19,029	86,570	12,500	12,500	-	24,196
Utilities, insurance	46,544	74,254	52,482	132,700	16,450	20,487	133,750	131,988
Rental	-	-	-	-	-	-	-	-
Amortization	65,839	289,130	268,580	-	1,516	48,411	-	215,859
Interest expense	153,540	35,645	37,796	-	-	332	1,826	-
Other	-	451,461	286,922	19,000	-	-	4,300	-
	958,294	1,451,495	1,320,433	1,830,587	540,559	498,839	2,838,950	2,559,748
Net surplus (deficit)	\$ (10,099)	\$ (139,857)	\$ (380,952)	\$ (532,487)	\$ (54,029)	\$ (36,776)	\$ 101,032	\$ 24,142
								\$ (1,732,944)

Beausoleil First Nation

Notes to Financial Statements

March 31, 2017

20. Segmented Information (continued)

	Lands		Emergency Services		Reserve and Other		Totals	
	Budget 2017	2016	Budget 2017	2016	Budget 2017	2016	Budget 2017	2016
Revenue								
Federal government transfers	\$ 313,700	\$ 204,817	\$ 61,919	\$ 40,847	\$ -	\$ 2,128	\$ 10,032,265	\$ 7,133,262
Provincial government transfers	84,000	84,000	1,283,409	1,223,392	-	-	4,784,468	4,453,078
Nookmis Trust revenue	-	-	-	-	-	-	4,377,577	4,357,577
Ontario First Nation Limited Partner	-	-	-	-	1,433,073	1,259,072	1,200,000	1,433,073
User fees	7,800	46,735	3,500	3,563	390,000	641,298	719,200	977,026
Other	405,500	335,552	1,276,864	1,267,802	2,136,681	1,209,047	4,759,555	4,123,639
Expenses								
Salaries and wages and other	299,100	295,972	1,116,968	1,125,727	-	1,262	8,976,293	8,510,059
Materials, services and other	183,900	48,074	151,596	130,132	718,114	696,950	9,694,592	3,985,203
Repairs and maintenance	6,500	1,266	22,500	19,264	-	6,203	1,264,768	1,311,924
Contracted services, professional fees	30,000	31,005	4,500	4,500	53,000	31,502	421,038	714,478
Utilities, insurance	3,000	2,149	45,300	47,120	-	723	599,957	632,819
Rental	-	-	6,000	6,000	-	-	47,900	35,904
Amortization	-	8,585	-	106,194	-	377	-	1,670,572
Interest expense	-	-	-	-	-	-	67,355	35,977
Other	14,000	43,457	-	-	1,047,797	180,873	6,404,036	5,764,904
Net surplus (deficit)	\$ (131,000)	\$ (94,956)	\$ (70,000)	\$ (171,135)	\$ 1,907,770	\$ 2,180,590	\$ (1,602,874)	\$ 695,697

Beausoleil First Nation
Notes to Financial Statements

March 31, 2017

20. Segmented Information (continued)

	Consolidation Adjustments			Consolidated Totals		
	Budget 2017	2017	2016	Budget 2017	2017	2016
Revenue						
Federal government transfers	\$ -	\$ -	\$ -	\$ 10,032,265	\$ 11,005,281	\$ 7,133,262
Provincial government transfers	-	-	-	4,784,468	4,672,619	4,453,078
Nookmis Trust revenue	-	-	-	4,377,577	3,586,147	4,357,577
Ontario First Nation Limited Partner	-	-	-	1,200,000	1,433,073	1,259,072
User fees	-	-	-	719,200	698,819	977,026
Other	902,593	904,820	846,756	3,856,962	3,218,819	2,124,485
	<u>902,593</u>	<u>904,820</u>	<u>846,756</u>	<u>24,970,472</u>	<u>24,614,758</u>	<u>20,304,500</u>
Expenses						
Salaries and wages	-	-	-	8,976,293	8,558,188	8,510,059
Materials, services and other	902,593	904,820	846,756	8,791,999	3,362,440	3,138,447
Repairs and maintenance	-	-	-	1,264,768	1,311,924	792,129
Contracted services, professional fees	-	-	-	421,038	714,478	381,898
Utilities, insurance	-	-	-	599,957	632,819	531,543
Rental	-	-	-	47,900	35,904	35,904
Amortization	-	-	-	-	1,670,572	1,527,897
Interest expense	-	-	-	67,355	35,977	39,622
Other	-	-	-	6,404,036	5,764,904	4,651,304
	<u>902,593</u>	<u>904,820</u>	<u>846,756</u>	<u>26,573,346</u>	<u>22,087,206</u>	<u>19,608,803</u>
Net surplus (deficit)	\$ -	\$ -	\$ -	\$ (1,602,874)	\$ 2,527,552	\$ 695,697