

Heart Lake First Nation
Consolidated Financial Statements
For The Year Ended March 31, 2014

Heart Lake First Nation
Financial Statements
For The Year Ended March 31, 2014

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Heart Lake First Nation
MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

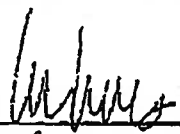
The accompanying financial statements of the Heart Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

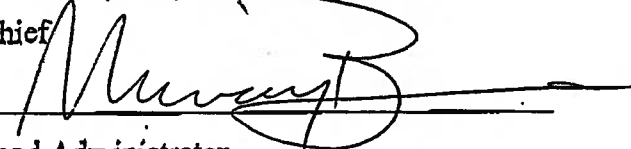
The First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members.



Chief



Band Administrator

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

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Edmonton, Alberta T5H 0Y1

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AUDITOR'S REPORT

To Chief and Council
Heart Lake First Nation

We have audited the accompanying financial statements of Heart Lake First Nation, which comprise the statement of financial position as at March 31, 2014 and the statements of changes in accumulated surplus, equity in trust funds, operations, changes in net financial assets and cash flows for the year then ended and notes to the financial statements 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 Audit Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

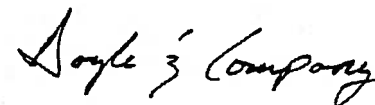
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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, these financial statements present fairly, in all material respects, the financial position of Heart Lake First Nation as at March 31, 2014, its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Edmonton, Alberta
November 14, 2014





Chartered Accountants

Heart Lake First Nation
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	65,957	111,910
Accounts receivable (Note 3)	904,103	752,554
Capital funds held in trust	935,321	903,558
Revenue funds held in trust	118,142	65,473
Investment in affiliated companies (Note 4)	6,908,655	6,377,721
Investments (Note 5)	1,408,086	1,408,086
	<u>10,340,264</u>	<u>9,619,302</u>
LIABILITIES		
Accounts payable	1,251,563	1,494,828
Accounts payable - Heart Lake Construction Limited Partnership	153,300	153,300
Deferred revenue (Note 7)	264,966	202,159
Long term debt (Note 8)	4,282,719	3,388,930
	<u>5,952,548</u>	<u>5,239,217</u>
NET FINANCIAL ASSETS	<u>4,387,716</u>	<u>4,380,085</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6 and Schedule 3)	12,287,632	11,896,988
Prepaid Social Assistance	7,040	6,785
	<u>12,294,672</u>	<u>11,903,773</u>
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	15,628,925	15,314,827
EQUITY IN TRUST FUNDS	<u>1,053,463</u>	<u>969,031</u>
	<u>16,682,388</u>	<u>16,283,858</u>

Approved by the First Nation:

 Chief
 Administrator

The accompanying notes form part of these financial statements.

Heart Lake First Nation

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2014

	Operating Equity \$	Equity in Business Enterprises \$	Equity in Tangible Capital Assets \$	2014 Total \$	2013 Total \$
BALANCE - BEGINNING OF YEAR	429,057	6,377,721	8,508,049	15,314,827	13,994,599
Excess of revenue over expenditures	314,098	-	-	314,098	1,320,228
Net advances from Business Enterprises	1,320,616	(1,320,616)	-	-	-
Net earnings in Business Enterprises	(1,851,550)	1,851,550	-	-	-
Loan advances net of repayments	893,789	-	(893,789)	-	-
Purchase of tangible capital assets	(1,196,676)	-	1,196,676	-	-
Annual amortization expense	806,032	-	(806,032)	-	-
Change in accumulated surplus	286,309	530,934	(503,145)	314,098	1,320,228
BALANCE - END OF YEAR	715,366	6,908,655	8,004,904	15,628,925	15,314,827

The accompanying notes form part of these financial statements.

Heart Lake First Nation
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED MARCH 31, 2014

	\$	\$	\$
<u>EQUITY IN TRUST FUNDS</u>			
	Capital	Revenue	Total
	\$	\$	\$
Balance - Beginning of year	903,558	65,473	969,031
Trust income	31,763	52,669	84,432
	935,321	118,142	1,053,463
Trust Funds Released	-	-	-
Balance - end of year	935,321	118,142	1,053,463

The accompanying notes form part of these financial statements.

Heart Lake First Nation
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget \$	2014 Actual \$	2013 Actual \$
REVENUE			
AANDC	1,843,511	1,800,061	1,973,194
Health and Welfare Canada	676,843	676,843	540,687
Human Resource Development	218,336	218,336	218,336
C.M.H.C. Subsidies	101,203	107,663	101,203
Band Trust Funds	-	-	195,000
Other	5,150,450	3,757,658	5,814,530
Revenue deferred to 2012/2013	-	-	156,585
Revenue deferred to 2013/2014 (Note 7)	202,159	202,159	(202,159)
Revenue deferred to 2014/2015 (Note 7)	-	(264,966)	-
	8,192,502	6,497,754	8,797,376
OPERATING EXPENDITURES			
Administration	1,111,000	1,126,981	1,051,093
Education	789,809	855,555	689,248
Economic Development	51,707	51,707	51,707
Public Works	802,152	862,313	893,036
Policing	18,000	20,219	35,251
Health Services and Medical Transportation	604,899	594,050	445,537
Headstart	71,944	71,944	85,584
Social Services	286,592	347,436	370,788
Social Services - Administration	96,000	95,696	93,554
Housing	939,000	94,909	61,081
C.M.H.C. Housing	176,203	126,971	156,963
Fire Protection	30,319	30,319	30,319
ASETS - CRF/EI	113,444	114,206	110,387
ASETS - Childcare	107,892	109,113	97,726
Recreation	750,000	401,587	455,987
Community Building	356,500	175,228	390,119
Consultation Office	989,500	830,324	1,557,062
First Nation Management and Economic Development	-	-	674,000
	7,294,961	5,908,558	7,249,442
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	897,541	589,196	1,547,934
Undistributed net earnings in First Nation owned companies	-	530,934	1,138,761
Amortization	-	(806,032)	(709,222)
	-	(275,098)	429,539
SURPLUS (DEFICIT) FOR THE YEAR	897,541	314,098	1,977,473

The accompanying notes form part of these financial statements.

Heart Lake First Nation

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2014

	2014 Actual \$	2013 Actual \$
EXCESS OF REVENUE OVER EXPENSES	314,098	1,977,473
Acquisition of tangible capital assets	(1,196,676)	(1,381,422)
Amortization of tangible capital assets	806,032	709,222
Increase in net equity funds	84,432	(773,023)
	(306,212)	(1,445,223)
Use (Acquisition) of prepaid assets	(255)	1,934
(DECREASE) INCREASE IN NET ASSETS	7,631	534,184
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,380,085	3,845,901
NET FINANCIAL ASSETS, END OF YEAR	4,387,716	4,380,085

The accompanying notes form part of these financial statements.

Heart Lake First Nation
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies, trust funds and customers	6,283,397	8,643,261
Cash paid to suppliers	(7,176,990)	(6,898,931)
Interest paid	(169,989)	(172,801)
	(1,063,582)	1,571,529
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net advances (to) from affiliated companies	1,320,516	684,725
Long term debt obtained	1,171,592	148,280
Repayment of long term debt	(277,803)	(343,654)
	2,214,305	489,351
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Increase in investments	-	(486,040)
Purchase of capital assets	(406,816)	(281,283)
Purchase of band houses	(789,860)	(1,100,139)
Purchase of CMHC houses	-	-
	(1,196,676)	(1,867,462)
Net (decrease) in cash	(45,953)	193,418
CASH (OVERDRAFT) - Beginning of year	111,910	(81,508)
CASH (OVERDRAFT) - End of year	65,957	111,910

The accompanying notes form part of these financial statements.

Heart Lake First Nation

SCHEDULE 1- INDIVIDUAL PROGRAMS FOR THE YEAR ENDED MARCH 31, 2014

	AANDC Grants & Contributions	Trust Funds	Other Revenue	Deferred Revenue from 2013/14	Deferred Revenue to 2014/2015	Total Revenue	Operating Expenditures	Capital Expenditures	Loan Advances/ Repayments	Total Expenditures	Transfers	Current Year's Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	240,191	-	35,171	-	-	275,362	1,126,981	-	-	1,126,981	851,620	1
Education	667,199	-	-	44,777	-	711,976	855,555	-	20,583	876,138	-	(164,162)
Economic Development	51,707	-	-	-	-	51,707	51,707	-	-	51,707	-	-
Public Works	444,246	-	-	3,832	-	448,078	862,313	-	-	862,313	-	(414,235)
Policing	-	-	20,219	-	-	20,219	20,219	-	-	20,219	-	-
Health Services and Medical Transportation	-	-	578,974	-	-	578,974	594,050	61,816	-	655,866	-	(76,892)
Headstart	-	-	71,944	-	-	71,944	71,944	-	-	71,944	-	-
Social Services	243,142	-	-	-	-	243,142	347,436	-	-	347,436	-	-
Social Services - Administration	81,257	-	-	-	-	81,257	95,696	-	-	95,696	-	(104,294)
Housing	42,000	-	-	-	-	42,000	94,909	789,860	(1,169,375)	(284,606)	(326,606)	(14,439)
CMHC Housing	30,319	-	107,663	-	-	107,663	126,971	-	80,231	207,202	99,539	-
Fire Protection	-	-	-	-	-	-	30,319	-	-	30,319	-	-
ASETS - CRF/EI	-	-	113,444	-	-	113,444	114,206	-	-	114,206	-	(762)
ASETS - Childcare	-	-	104,892	-	-	104,892	109,113	-	-	109,113	-	(4,221)
Recreation	-	-	69,155	-	-	69,155	401,587	345,000	-	746,587	677,432	-
Community Building	-	-	312,000	-	-	312,000	175,228	-	174,772	350,000	38,000	-
First Nation Development Fund	-	-	111,416	-	-	111,416	-	-	-	-	-	-
Consultation	-	-	117,134	-	-	117,134	830,324	-	-	830,324	713,190	-
First Nation Management & Economic Development	-	-	3,118,488	-	-	3,118,488	-	-	-	-	(2,053,175)	1,065,313
	1,800,061	-	4,760,500	202,159	(264,966)	6,497,754	5,908,558	1,196,676	(893,789)	6,211,445	-	286,309

The accompanying notes form part of these financial statements.

Heart Lake First Nation

SCHEDULE 2 - CONSOLIDATED EXPENDITURES BY OBJECT FOR THE YEAR ENDED MARCH 31, 2014

	2014 \$	2013 \$
Salaries, wages and benefits	2,222,181	2,311,784
Contracted and general services	1,408,741	2,291,263
Materials, goods and utilities	1,958,737	2,473,594
Bank charges and short term interest	148,909	18,369
Interest - long term debt	169,989	154,432
	5,908,557	7,249,442

The accompanying notes form part of these financial statements.

Heart Lake First Nation

SCHEDULE 3 - TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED MARCH 31, 2014

	Community Buildings & Facilities \$	Automotive Equipment \$	Office & General Equipment \$	Band Housing \$	2014 Total \$	2013 Total \$
COST:						
Balance, Beginning of Year	7,445,456	1,464,188	603,104	10,716,099	20,228,847	18,847,425
Acquisition of tangible capital assets	-	61,816	345,000	789,860	1,196,676	1,381,422
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, End of Year	7,445,456	1,526,004	948,104	11,505,959	21,425,523	20,228,847
ACCUMULATED AMORTIZATION						
Balance, Beginning of year	3,541,191	1,169,659	522,281	3,098,728	8,331,859	7,622,637
Current year amortization	312,514	110,970	94,899	287,649	806,032	709,222
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, End of Year	3,853,705	1,280,629	617,180	3,386,377	9,137,891	8,331,859
NET BOOK VALUE	3,591,751	245,375	330,924	8,119,582	12,287,632	11,896,988

The accompanying notes form part of these financial statements.

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

1. SCOPE OF FINANCIAL STATEMENTS

These financial statements consolidate the assets, liabilities and results of operations for Heart Lake First Nation.

Heart Lake Construction Limited Partnership, Heart Lake Truck Stop Ltd. and Heart Lake Natural Resource Development Incorporated which are owned and controlled by Heart Lake First Nation and which are not dependent on the First Nation for their continuing operations, are included in these financial statements using the equity method as detailed in Note 4.

Heart Lake First Nation has a 25% interest in Four Lakes Precision Drilling Limited Partnership and Four Lakes Drilling Corporation and a 50% interest in Savanna Energy Limited Partnership #9. These are investments the First Nation has significant influence over and are also included in these financial statements using the equity method as detailed in Note 4.

The interest in enterprises that are not under significant influence of Heart Lake First Nation are accounted for at cost as detailed in Note 5.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Public Sector Accounting Standards defined in the CICA Canadian Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

(a) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the asset.

(b) Amortization

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Community Buildings and Facilities	15 Years
Automotive Equipment	5 Years
Office and General Equipment	5 Years
Band Housing	40 Years

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(c) Trust Funds

First Nation 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 amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

A fund basis of accounting is followed. Related revenue and expenditures are grouped into funds, based upon their use.

(d) Revenue Recognition

Revenue is recorded in the period specified in the funding agreement entered into with government agencies and other organizations. Assistance received in advance of making the related expenditure is deferred.

(e) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, investment in affiliated companies, trust funds, investments, accounts payable, deferred revenue and long term debt. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

(f) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	2014	2013
	\$	\$
Accounts Receivable consists of:		
AANDC	196,432	322,999
Health Canada	8,516	-
CMHC - Loan proceeds	-	23,063
First Nation Development Fund	315,573	105,853
Consultation Office	125,475	151,250
CMHC - Subsidies	82,184	62,804
	728,180	665,969
Loans to members	175,923	86,585
	904,103	752,554

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

4. INVESTMENT IN AFFILIATED COMPANIES

	2014 \$	2013 \$
(a) Investment in Heart Lake Construction Ltd. 100 Class A shares - 100% ownership, at cost	100	100
	100	100
(b) Investment in Heart Lake Construction Limited Partnership Advances to (from) Heart Lake Construction LP	2,033,563	3,228,179
Accumulated net income at December 31, 2013	2,706,563	1,032,352
	4,740,126	4,260,531
(c) Investment in Heart Lake Truck Stop Ltd. 100 Class A shares - 100% ownership, at cost	100	100
Advances to (from) Heart Lake Truck Stop Ltd.	96,978	22,978
Accumulated net income (loss) at March 31	28,593	29,254
	125,671	52,332
(d) Investment in Heart Lake Natural Resource Development Inc 100 Class A shares - 100% ownership, at cost	100	100
Accumulated net earnings at March 31	-	-
	100	100
(e) Investment in Four Lakes Precision Drilling Limited Partnership 100 Limited Units - 25% ownership, at cost	100	100
Advances (from) to Four Lakes Drilling Limited Partnership	(1,463,300)	(1,463,300)
Share of accumulated net earnings to December 31, 2012	1,499,820	1,499,820
	36,620	36,620
(f) Investment in Four Lakes Drilling Corporation 100 Class A Voting Shares - 25% ownership, at cost	100	100
Share of accumulated net earnings to March 31	-	-
	100	100

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

4. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

(g) Investment in Savanna Energy Services Limited Partnership #9 formerly Lakota Drilling Limited Partnership #9		
Advances to Savanna Energy Services Limited Partnership	850,000	1,050,000
Share of accumulated net earnings to December 31, 2013	1,155,938	977,938
	2,005,938	2,027,938
(h) Investment in Heart Lake First Nation Housing Society		
Share of accumulated net earnings to April 30, 2009	-	-
Total	6,908,655	6,377,721

March 31 unaudited financial information for Heart Lake Construction Ltd. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	-	-
Liabilities	-	-
Revenue	-	-
Net income (loss) for the year	-	-

December 31 unaudited financial information for Heart Lake Construction LP is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	16,994,658	21,999,175
Liabilities	11,488,428	16,863,580
	(12 months)	(9 Months)
Revenue	24,047,810	14,991,996
Net income for the year	1,674,211	1,032,352

March 31 unaudited financial information for Heart Lake Truck Stop Ltd. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	626,000	604,758
Liabilities	597,307	575,404
Revenue	135,211	123,062
Net income (loss) for the year	(661)	32,424

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

4. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

March 31 unaudited financial information for Heart Lake Natural Resource Development Incorporated is as follows:

	March 31 2014	March 31 2013
	\$	\$
Assets	205,640	239,975
Liabilities	205,640	239,975
Revenue	-	-
Net income (loss) for the year	-	-

December 31 unaudited financial information for Four Lakes Precision Drilling Limited Partnership is as follows:

	December 31 2013	December 31 2012
	\$	\$
Assets		149,893
Liabilities	-	3,000
Revenue	-	-
Net income for the year	-	(9,778)

December 31 unaudited financial information for Savanna Energy Services Limited Partnership #9 is as follows:

	December 31, 2013	December 31 2012
	\$	\$
Assets	5,402,000	5,809,000
Liabilities	1,390,000	1,753,000
Revenue	3,158,000	2,937,000
Net income for the year	356,000	594,000

April 30 unaudited financial information for Heart Lake First Nation Housing Society is as follows:

	April 30 2013	April 30 2012
		\$
\$		
Assets	652,100	652,100
Net income for the year	-	-

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENTS - at cost

	2014 \$	2013 \$
Investments consist of:		
(a) Pimee Well Servicing LP	774,249	774,249
(b) Investment in Heart Lake Bison Company Ltd.	10,000	10,000
(c) Investment in Seven Lakes Oilfield Services LP	623,837	623,837
	1,408,086	1,408,086

6. TANGIBLE CAPITAL ASSETS

	2014 \$	2014 \$	2014 \$	2013 \$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Community Buildings & Facilities	7,445,456	3,853,705	3,591,751	3,904,265
Automotive Equipment	1,526,005	1,280,630	245,375	294,530
Office and General Equipment	948,104	617,180	330,924	80,823
Band Housing	11,505,960	3,386,378	8,119,582	7,617,370
	21,425,525	9,137,893	12,287,632	11,896,988

7. DEFERRED REVENUE

	2014 \$	2013 \$
The following funds have been deferred until 2014/2015 when the funding will be utilized		
First Nation Development Fund (FNDF)		
- FNDF revenue deferred to 2014/2015	264,966	153,550
Public Works:		
- AANDC Contribution funding - Sewer under 1.5M to cover lagoon study costs incurred in 2013/2014	-	3,832
Education		
- AANDC Capital funding - Renovations and/or additions - under 1.5M (school renovations)	-	44,777
	264,966	202,159

Heart Lake First Nation

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. LONG-TERM DEBT

	2014	2013
	\$	\$
Long-term debt consists of the following:		
5.79% Peace Hills Trust mortgage repayable at \$972 per month, including interest due October 2014	23,431	33,500
5.6% Peace Hills Trust, C.M.H.C. mortgage repayable at \$1,027 per month including interest due November 2014	8,057	19,647
4.69% Peace Hills Trust, CMHC mortgage repayable at \$1,618 per month including interest due October 2016	185,156	195,781
2.35% CMHC mortgage repayable at \$1,318 per month including interest, matures September 2018	198,384	205,218
5.5% Peace Hills Trust mortgage repayable at \$2,609 per month including interest, matures October 2018	375,328	386,053
6.2% Peace Hills Trust mortgage repayable at \$2,712 per month including interest, matures October 2018	313,260	326,366
5.0% Royal Bank mortgage repayment at \$12,000 biweekly including interest, matures August 2017	1,438,133	1,612,905
1.65% CMHC mortgage repayable at \$2,074 per month including interest, matures June 2017	453,532	470,814
4.45% Peace Hills Trust mortgage repayable at \$ 6,453 per month, including interest, matures December 2018	1,169,375	-
8.8% GE Canada school bus loan repayable at \$2,663 per month including interest, due September 2018	118,063	138,646
	4,282,719	3,388,930
Less current portion of long-term debt	447,397	275,586
	3,835,322	3,113,344

Long-term debt is secured by:

- (a) A ministerial guarantee,
- (b) Band council resolution redirecting band funds.
- (c) 2 buses with a net book value of \$98,802

The First Nation has entered into agreements with Canada Mortgage and Housing Corporation to subsidize the average interest rates to the extent required to reduce the effective net interest rate to 2%

Interest paid on long term debt during the year amounted to \$ 169,989

Future principal repayments on long-term debt are estimated as follows:

	\$
2015	447,397
2016	391,815
2017	404,816
2018	420,872
2019 and thereafter	2,617,819
	4,282,719

Heart Lake First Nation
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10. RELATED PARTY TRANSACTIONS

During the year Heart Lake First Nation also paid amounts for sub-contract and maintenance work to Heart Lake Construction Limited Partnership in the amount of \$78,174 (2013 - \$96,174).

During the year Heart Lake Construction Limited Partnership paid amounts to 1426125 Alberta Ltd. (Heart Lake Energy) for equipment rent, subcontract and related expenses totaling \$4,849,532 (2013 - \$3,336,585). These amounts represent reimbursements for work performed and accounted for by work orders and invoices. 1426125 Alberta Ltd. (Heart Lake Energy) is a related party as a result of Chief Monias having an equity interest in this company.

These transactions are in the normal course of business and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.