

**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**

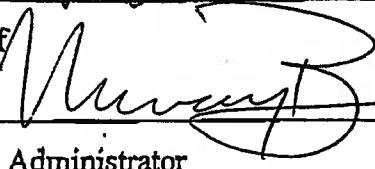
The accompanying financial statements of the Heart Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

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

# DOYLE & COMPANY

CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.\*

Scott T. Mockford, C.A.\*

\* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr

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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.

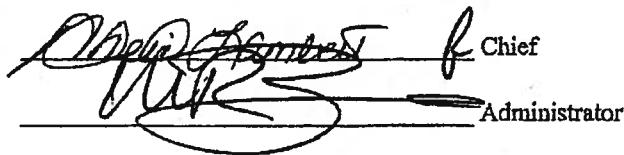
Edmonton, Alberta  
November 14, 2014

*Doyle & Company*  
Chartered Accountants

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

	2014 \$	2013 \$
<b>FINANCIAL ASSETS</b>		
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
	<b>10,340,264</b>	<b>9,619,302</b>
<b>LIABILITIES</b>		
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
	<b>5,952,548</b>	<b>5,239,217</b>
<b>NET FINANCIAL ASSETS</b>	<b>4,387,716</b>	<b>4,380,085</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6 and Schedule 3)	12,287,632	11,896,988
Prepaid Social Assistance	7,040	6,785
	<b>12,294,672</b>	<b>11,903,773</b>
<b>ACCUMULATED SURPLUS</b>		
<b>ACCUMULATED SURPLUS</b>	<b>15,628,925</b>	<b>15,314,827</b>
<b>EQUITY IN TRUST FUNDS</b>	<b>1,053,463</b>	<b>969,031</b>
	<b>16,682,388</b>	<b>16,283,858</b>

Approved by the First Nation:

  
 Chief  
 Administrator

## 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 \$
<b>BALANCE - BEGINNING OF YEAR</b>					
429,057	6,377,721	8,508,049	15,314,827	13,994,599	
314,098	-	-	314,098	314,098	
1,320,616	(1,320,616)	-	-	-	1,320,228
(1,851,550)	1,851,550	-	-	-	-
893,789	-	(893,789)	-	-	-
(1,196,676)	-	1,196,676	-	-	-
806,032	-	(806,032)	-	-	-
286,309	530,934	(503,145)	314,098	314,098	1,320,228
<b>BALANCE - END OF YEAR</b>	<b>715,366</b>	<b>6,908,655</b>	<b>8,004,904</b>	<b>15,628,925</b>	<b>15,314,827</b>

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**

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

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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 \$
<b>REVENUE</b>			
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)	-
	<b>8,192,502</b>	<b>6,497,754</b>	<b>8,797,376</b>
<b>OPERATING EXPENDITURES</b>			
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
	<b>7,294,961</b>	<b>5,908,558</b>	<b>7,249,442</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>897,541</b>	<b>589,196</b>	<b>1,547,934</b>
Undistributed net earnings in First Nation owned companies	-	530,934	1,138,761
Amortization	-	(806,032)	(709,222)
	<b>897,541</b>	<b>314,098</b>	<b>1,977,473</b>

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 \$
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>314,098</b>	<b>1,977,473</b>
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)
	<b>(306,212)</b>	<b>(1,445,223)</b>
Use (Acquisition) of prepaid assets	(255)	1,934
<b>(DECREASE) INCREASE IN NET ASSETS</b>	<b>7,631</b>	<b>534,184</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>4,380,085</b>	<b>3,845,901</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>4,387,716</b>	<b>4,380,085</b>

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 \$
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
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)
	<b>(1,063,582)</b>	<b>1,571,529</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
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)
	<b>2,214,305</b>	<b>489,351</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
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	-	-
	<b>(1,196,676)</b>	<b>(1,867,462)</b>
Net (decrease) in cash	<b>(45,953)</b>	193,418
<b>CASH (OVERDRAFT) - Beginning of year</b>	<b>111,910</b>	<b>(81,508)</b>
<b>CASH (OVERDRAFT) - End of year</b>	<b>65,957</b>	<b>111,910</b>

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 to 2014/2015	Total Revenue	Opening Expenditures	Capital Expenditures	Loan Advances/ Repayments	Total Expenditures	Transfers	Current Year's Surplus (Deficit) \$
Administration	240,191	-	35,171	44,777	-	275,362	1,126,981	-	20,583	1,126,981	851,620
Education	667,199	-	-	-	711,916	855,555	-	-	-	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	-	653,866	(76,892)
Headstart	-	-	71,944	-	-	71,944	71,944	-	-	71,944	-
Social Services	243,142	-	-	-	243,142	347,436	-	-	-	347,436	(104,294)
Social Services - Administration	81,237	-	-	-	81,237	95,696	-	-	-	95,696	(14,439)
Housing	42,000	-	-	-	42,000	94,909	789,860	(1,169,375)	80,231	(284,906)	(326,606)
CMHC Housing	-	-	107,663	-	-	107,663	126,971	-	-	126,971	99,539
Fire Protection	30,319	-	-	-	30,319	30,319	-	-	-	30,319	-
ASSETS - CREFEI	-	-	113,444	-	-	113,444	114,206	-	-	114,206	-
ASSETS - Childcare	-	-	104,892	-	-	104,892	109,113	-	-	109,113	-
Recreation	-	-	69,135	-	-	69,135	40,1587	345,000	-	746,387	(4,221)
Community Building	-	-	312,000	-	-	312,000	175,228	-	-	174,772	677,432
First Nation Development Fund	-	-	111,416	153,550	(264,966)	-	-	-	-	350,000	38,000
Consultation	-	-	117,134	-	-	117,134	830,324	-	-	830,324	-
First Nation Management & Economic Development	-	-	3,118,488	-	-	3,118,488	-	-	-	-	(2,053,175)
	1,800,061	-	4,760,590	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
	<b>5,908,557</b>	<b>7,249,442</b>

## 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 \$
<b>COST:</b>						
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	-	-	-	-	-	-
<b>Balance, End of Year</b>	<b>7,445,456</b>	<b>1,526,004</b>	<b>948,104</b>	<b>11,505,959</b>	<b>21,425,523</b>	<b>20,228,847</b>
<b>ACCUMULATED AMORTIZATION</b>						
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	-	-	-	-	-	-
<b>Balance, End of Year</b>	<b>3,853,705</b>	<b>1,280,629</b>	<b>617,180</b>	<b>3,386,377</b>	<b>9,137,891</b>	<b>8,331,859</b>
<b>NET BOOK VALUE</b>	<b>3,591,751</b>	<b>245,375</b>	<b>330,924</b>	<b>8,119,582</b>	<b>12,287,632</b>	<b>11,896,988</b>

The accompanying notes form part of these financial statements.

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

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**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**

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**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**

	<b>2014</b>	<b>2013</b>
	\$	\$
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
	<hr/>	<hr/>
Loans to members	728,180	665,969
	175,923	86,585
	<hr/>	<hr/>
	904,103	752,554

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

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**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**

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**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
	<b>2,005,938</b>	<b>2,027,938</b>
(h) Investment in Heart Lake First Nation Housing Society		
Share of accumulated net earnings to April 30, 2009	-	-
<b>Total</b>	<b>6,908,655</b>	<b>6,377,721</b>

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**

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**4. INVESTMENT IN AFFILIATED COMPANIES CONTINUED**

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

	<b>March 31 2014</b>	<b>March 31 2013</b>
	\$	\$
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:

	<b>December 31 2013</b>	<b>December 31 2012</b>
	\$	\$
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:

	<b>December 31, 2013</b>	<b>December 31, 2012</b>
	\$	\$
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:

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

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

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**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
	<b>1,408,086</b>	<b>1,408,086</b>

**6. TANGIBLE CAPITAL ASSETS**

	2014			2013	
	Cost	Accumulated Amortization	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	
	<b>21,425,525</b>	<b>9,137,893</b>	<b>12,287,632</b>	<b>11,896,988</b>	

**7. DEFERRED REVENUE**

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

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**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
Less current portion of long-term debt	4,282,719	3,388,930
	447,397	275,586
	<b>3,835,322</b>	<b>3,113,344</b>

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
	<b>4,282,719</b>

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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.