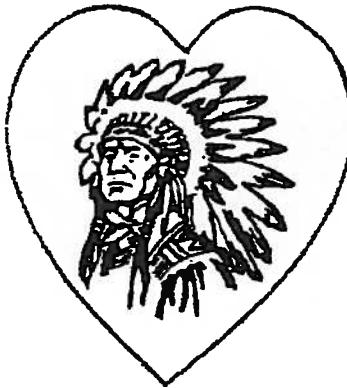


**Heart Lake First Nation
Consolidated Financial Statements
For The Year Ended March 31, 2015**

Heart Lake First Nation
Financial Statements
For The Year Ended March 31, 2015

CONTENTS

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2
Consolidated Statement of Financial Position	3
Statement of Changes in Accumulated Surplus	4
Statement of Equity in Trust Funds	5
Statement of Operations	6
Statement of Changes in Net Financial Assets (Debt)	7
Statements of Cash Flows	8
Schedule 1 - Individual Programs	9
Schedule 2 - Expenditures by Object	10
Schedule 3 - Tangible Capital Assets	11
Notes to the Financial Statements	12 - 19



HEART LAKE FIRST NATION

**Heart Lake First Nation
MARCH 31, 2015**

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

Edmonton, Alberta T5H 0Y1

Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT 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, 2015 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, 2015, its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Edmonton, Alberta
September 15, 2015

Doyle & Company
Chartered Accountants

Heart Lake First Nation
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	2015 \$	2014 \$
FINANCIAL ASSETS		
Cash	540,868	65,957
Accounts receivable (Note 3)	303,079	904,103
Capital funds held in trust	980,396	935,321
Revenue funds held in trust	168,788	118,142
Investment in affiliated companies (Note 4)	5,976,394	6,908,655
Investments (Note 5)	1,508,203	1,408,086
	9,477,728	10,340,264
LIABILITIES		
Bank indebtedness - cheques in excess of bank balance	644,057	
Accounts payable	1,376,082	1,251,563
Accounts payable - Heart Lake Construction Limited Partnership	153,300	153,300
Deferred revenue (Note 7)	285,767	264,966
Long term debt (Note 8)	3,829,148	4,282,719
	6,288,354	5,952,548
NET FINANCIAL ASSETS	3,189,374	4,387,716
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6 and Schedule 3)	12,416,894	12,287,632
Prepaid Social Assistance	7,313	7,040
	12,424,207	12,294,672
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	14,464,397	15,628,925
EQUITY IN TRUST FUNDS	1,149,184	1,053,463
	15,613,581	16,682,388

Approved by the First Nation:



 Chief

 Administrator

Heart Lake First Nation
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2015

	Operating Equity \$	Equity in Business Enterprises \$	Equity in Tangible Capital Assets \$	2015 Total \$	2014 Total \$
BALANCE - BEGINNING OF YEAR	715,366	6,908,655	8,004,904	15,628,925	15,314,827
Excess of revenue over expenditures	(1,164,528)	-	-	(1,164,528)	314,098
Net advances from Business Enterprises	801,068	(801,068)	-	-	-
Net earnings in Business Enterprises	131,193	(131,193)	-	-	-
Loan principal repayments during the year	(453,580)	-	453,580	-	-
Purchase of tangible capital assets	(949,417)	-	949,417	-	-
Annual amortization expense	820,155	-	(820,155)	-	-
Change in accumulated surplus	(815,109)	(932,261)	582,842	(1,164,528)	314,098
BALANCE - END OF YEAR	(99,743)	5,976,394	8,587,746	14,464,397	15,628,925

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, 2015

	\$	\$	\$
<u>EQUITY IN TRUST FUNDS</u>			
	Capital	Revenue	Total
	\$	\$	\$
Balance - Beginning of year	935,321	118,142	1,053,463
Trust income	45,075	50,646	95,721
	980,396	168,788	1,149,184
Trust Funds Released	-	-	-
Balance - end of year	980,396	168,788	1,149,184

The accompanying notes form part of these financial statements.

Heart Lake First Nation
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget \$	2015 Actual \$	2014 Actual \$
REVENUE			
AANDC	1,845,600	1,845,600	1,800,061
Health and Welfare Canada	609,884	609,884	676,843
Human Resource Development	231,543	231,543	218,336
C.M.H.C. Subsidies	107,000	103,981	107,663
Other	4,037,599	4,165,671	3,757,658
Revenue deferred to 2013/2014 (Note 7)	-	-	202,159
Revenue deferred to 2014/2015 (Note 7)	264,966	264,966	(264,966)
Revenue deferred to 2015/2016 (Note 7)	(285,767)	(285,767)	-
	6,810,825	6,935,878	6,497,754
OPERATING EXPENDITURES			
Administration	1,248,000	1,593,587	1,126,982
Education	751,397	778,109	855,555
Economic Development	51,707	51,707	51,707
Public Works	1,007,745	1,081,991	862,313
Policing	20,219	20,219	20,219
Health Services and Medical Transportation	528,092	543,113	594,050
Headstart	81,792	81,792	71,944
Social Services	233,340	326,746	347,436
Social Services - Administration	81,257	81,257	95,696
Housing	946,814	107,361	94,909
C.M.H.C. Housing	186,000	111,974	126,971
Fire Protection	30,319	30,319	30,319
ASETS - CRF/EI/FNJF	126,651	127,770	114,206
ASETS - Childcare	104,892	124,275	109,113
Recreation	232,400	395,907	401,587
Community Building	350,000	38,880	175,228
Consultation Office	830,200	850,358	830,324
	6,810,825	6,345,365	5,908,559
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER		590,513	589,195
Undistributed net earnings (loss)			
in First Nation owned companies	-	(934,886)	530,934
Amortization	-	(820,155)	(806,032)
	-	(1,755,041)	(275,098)
SURPLUS (DEFICIT) FOR THE YEAR		(1,164,528)	314,097

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, 2015

	2015 Actual \$	2014 Actual \$
EXCESS OF REVENUE OVER EXPENSES	(1,164,528)	314,097
Acquisition of tangible capital assets	(949,417)	(1,196,676)
Amortization of tangible capital assets	820,155	806,032
Increase in net equity funds	95,721	84,433
	(33,541)	(306,211)
Use (Acquisition) of prepaid assets	(273)	(255)
(DECREASE) INCREASE IN NET ASSETS	(1,198,342)	7,631
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,387,716	4,380,085
NET FINANCIAL ASSETS, END OF YEAR	3,189,374	4,387,716

Heart Lake First Nation
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies, trust funds and customers	7,551,586	6,283,397
Cash paid to suppliers	(6,865,949)	(7,176,990)
Interest paid	(182,863)	(169,989)
	502,774	(1,063,582)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net advances (to) from affiliated companies	731,068	1,320,516
Long term debt obtained	-	1,171,592
Repayment of long term debt	(453,571)	(277,803)
	277,497	2,214,305
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Increase in investments	-	-
Purchase of capital assets	-	(406,816)
Purchase of band houses	(949,417)	(789,860)
	(949,417)	(1,196,676)
Net (decrease) in cash	(169,146)	(45,953)
<u>CASH (OVERDRAFT) - Beginning of year</u>	65,957	111,910
<u>CASH (OVERDRAFT) - End of year</u>	(103,189)	65,957
 Cash is comprised of:		
Cash	540,868	65,957
Bank indebtedness - cheques in excess of bank balance	(644,057)	-
	(103,189)	65,957

The accompanying notes form part of these financial statements.

Heart Lake First Nation
SCHEDULE 1- INDIVIDUAL PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2015

	AANDC Grants & Contributions	Trust Funds	Other Revenue	Deferred Revenue from 2014/15	Deferred Revenue to 2015/2016	Total Revenue	Operating Expenditures	Capital Expenditures	Less Advances/ Repayments	Total Expenditures	Transfers	Current Year's Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	283,976	-	-	-	-	283,976	1,393,587	-	-	1,393,587	1,309,611	-
Education	510,090	-	-	-	-	510,090	778,109	-	22,469	800,578	-	(290,488)
Economic Development	51,707	-	-	-	-	51,707	51,707	-	-	51,707	-	-
Public Works	612,911	-	-	-	-	612,911	1,081,991	-	-	1,081,991	-	(469,080)
Policing	-	-	20,219	-	-	20,219	20,219	-	-	20,219	-	-
Health Services and Medical Transportation	-	-	491,713	-	-	491,713	543,113	-	-	543,113	-	(51,400)
Headstart	-	-	81,792	-	-	81,792	81,792	-	-	81,792	-	-
Social Services	233,340	-	-	-	-	233,340	326,746	-	-	326,746	-	(93,406)
Social Services - Administration	81,257	-	-	-	-	81,257	81,257	-	-	81,257	-	-
Housing	42,000	-	-	-	-	42,000	107,361	949,417	50,750	1,107,528	1,065,528	-
CMHC Housing	-	-	103,981	-	-	103,981	111,974	-	69,241	181,215	77,234	-
Fire Protection	30,319	-	-	-	-	30,319	30,319	-	-	30,319	-	-
ASHTS - CR/FEI	-	-	126,651	-	-	126,651	127,770	-	-	127,770	-	(1,119)
ASHTS - Children	-	-	104,892	-	-	104,892	124,275	-	-	124,275	-	(19,383)
Recreation	-	-	60,800	-	-	60,800	395,907	-	-	395,907	335,107	-
Community Building	-	-	312,000	-	-	312,000	38,880	-	311,120	350,000	38,000	-
First Nation Development Fund	-	-	20,801	264,966	(285,767)	93,558	850,358	-	-	850,358	756,800	-
Consultation	-	-	93,558	-	-	-	-	-	-	-	-	-
First Nation Management & Economic Development	-	-	3,694,672	-	-	3,694,672	-	-	-	-	(1,582,280)	112,392
	1,845,600	-	5,111,079	264,966	(285,767)	6,935,878	6,345,365	949,417	453,580	7,748,362	-	(812,484)

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, 2015

	2015	2014
	\$	\$
Salaries, wages and benefits	2,454,673	2,222,181
Contracted and general services	2,302,031	1,408,742
Materials, goods and utilities	1,380,173	1,958,737
Bank charges and short term interest	25,625	148,910
<u>Interest - long term debt</u>	<u>182,863</u>	<u>169,989</u>
	6,345,365	5,908,559

Heart Lake First Nation
SCHEDULE 3 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

	Community Buildings & Facilities \$	Automotive Equipment \$	Office & General Equipment \$	Band Housing \$	2015 Total \$	2014 Total \$
COST:						
Balance, Beginning of Year	7,445,456	1,526,004	948,104	11,505,959	21,425,523	20,228,847
Acquisition of tangible capital assets	-	-	-	949,417	949,417	1,196,676
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, End of Year	7,445,456	1,526,004	948,104	12,455,376	22,374,940	21,425,523
ACCUMULATED AMORTIZATION						
Balance, Beginning of year	3,853,705	1,280,629	617,180	3,386,377	9,137,891	8,331,859
Current year amortization	312,514	101,357	94,899	311,385	820,155	806,032
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, End of Year	4,166,219	1,381,986	712,079	3,697,762	9,958,046	9,137,891
NET BOOK VALUE	3,279,237	144,018	236,025	8,757,614	12,416,894	12,287,632

The accompanying notes form part of these financial statements.

Heart Lake First Nation

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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 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, 2015

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

	2015	2014
	\$	\$
Accounts Receivable consists of:		
AANDC	33,111	196,432
Health Canada	-	8,516
Other	32	-
First Nation Development Fund	108,195	315,573
Consultation Office	7,500	125,475
CMHC - Subsidies	51,130	82,184
Loans to members	199,968	728,180
	103,111	175,923
	303,079	904,103

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

4. INVESTMENT IN AFFILIATED COMPANIES

	2015 \$	2014 \$
(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	1,329,870	2,033,563
Accumulated net income at December 31, 2014	2,424,126	2,706,563
	3,753,996	4,740,126
(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.	169,603	96,978
Accumulated net income (loss) at March 31	28,837	28,593
	198,540	125,671
(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, 2014	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, 2015

4. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

(g) Investment in Savanna Energy Services Limited Partnership #9 -
50% interest

Advances to Savanna Energy Services Limited Partnership	750,000	850,000
Share of accumulated net earnings to December 31, 2014	1,236,938	1,155,938
	1,986,938	2,005,938

(h) Investment in Heart Lake First Nation Housing Society
Share of accumulated net earnings to April 30, 2009

Total	5,976,394	6,908,655
--------------	------------------	------------------

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

	December 31 2014	December 31 2013
	\$	\$
Assets	17,205,298	16,994,658
Liabilities	12,685,198	11,488,428
Revenue	13,216,822	24,047,810
Net income for the year	(282,437)	1,674,211

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

	March 31 2015	March 31 2014
	\$	\$
Assets	689,680	626,000
Liabilities	660,743	597,307
Revenue	143,992	135,211
Net income (loss) for the year	244	(661)

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

4. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

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

	March 31 2015	March 31 2014
	\$	\$
Assets	167,219	205,640
Liabilities	167,119	205,540
Revenue	-	-
Net income (loss) for the year	-	-

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

	December 31, 2014	December 31, 2013
	\$	\$
Assets	5,408,000	5,402,000
Liabilities	1,434,000	1,390,000
Revenue	4,256,000	3,158,000
Net income for the year	162,000	356,000

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

	April 30 2014	April 30 2013
	\$	\$
Assets	652,100	652,100
Net income for the year	-	-

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

5. INVESTMENTS - at cost

	2015 \$	2014 \$
Investments consist of:		
(a) Pimee Well Servicing LP	874,366	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
	1,508,203	1,408,086

6. TANGIBLE CAPITAL ASSETS

	2015 \$		2014 \$	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Community Buildings & Facilities	7,445,456	4,166,219	3,279,237	3,591,751
Automotive Equipment	1,526,004	1,381,987	144,017	245,375
Office and General Equipment	948,104	712,079	236,025	330,924
Band Housing	12,455,376	3,697,761	8,757,615	8,119,582
	22,374,940	9,958,046	12,416,894	12,287,632

7. DEFERRED REVENUE

	2015 \$	2014 \$
The following funds have been deferred until 2015/2016 when the funding will be utilized		
First Nation Development Fund (FNDF)		
- FNDF revenue deferred to 2015/2016	285,767	264,966

Heart Lake First Nation
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

8. LONG-TERM DEBT

	2015 \$	2014 \$
Long-term debt consists of the following:		
3.5% Peace Hills Trust mortgage repayable at \$978 per month, including interest due April 2016	11,618	23,431
5.6% Peace Hills Trust, C.M.H.C. mortgage repayable at \$1,027 per month including interest.	-	8,057
4.69% Peace Hills Trust, CMHC mortgage repayable at \$1,618 per month including interest due October 2016	174,029	185,156
2.35% CMHC mortgage repayable at \$1,318 per month including interest, matures September 2018	183,015	198,384
4.15% Peace Hills Trust mortgage repayable at \$2,319 per month including interest, matures October 2018	362,306	375,328
4.15% Peace Hills Trust mortgage repayable at \$2,373 per month including interest, matures October 2018	296,924	313,260
5.0% Royal Bank mortgage repayment at \$12,000 biweekly including interest, matures August 2017	1,127,013	1,438,133
1.65% CMHC mortgage repayable at \$2,074 per month including interest, matures June 2017	435,965	453,532
4.45% Peace Hills Trust mortgage repayable at \$ 6,453 per month, including interest, matures December 2018	1,142,684	1,169,375
8.8% GE Canada school bus loan repayable at \$2,663 per month including interest, due September 2018	95,594	118,063
Less current portion of long-term debt	3,829,148 392,539	4,282,719 447,397
	<hr/> 3,436,609	<hr/> 3,835,322

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 \$65,868

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 \$ 169,730

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

	\$
2015	392,539
2016	404,021
2017	424,288
2018	428,801
2019 and thereafter	2,179,499
	<hr/> 3,829,148

Heart Lake First Nation

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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 (2014 - \$78,174).

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 \$1,449,572 (2014 - \$4,849,532). 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.