

**HEILTSUK INDIAN BAND**

**FINANCIAL STATEMENTS**  
**March 31, 2014**

# **HEILTSUK INDIAN BAND**

## **INDEX TO THE FINANCIAL STATEMENTS** **March 31, 2014**

---

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Statement 1
CONSOLIDATED STATEMENT OF OPERATIONS	Statement 2
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES	Statement 3
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	Statement 4
CONSOLIDATED STATEMENT OF CASH FLOWS	Statement 5
NOTES TO THE FINANCIAL STATEMENTS	

## Heiltsuk Indian Band

March 31, 2014

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Heiltsuk Indian Band for the year ended March 31, 2014 and all the information in this annual report 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 generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB). Financial statements are not precise since they include certain amounts based on estimates and judgments. 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 Heiltsuk Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Heiltsuk Indian Band's assets are appropriately accounted for and adequately safeguarded.

The Heiltsuk Indian Band 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 Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The accompanying financial statements have been audited by Reid Hurst Nagy Inc., Certified General Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc., Certified General Accountants have full and free access to the books and records of the First Nation.

Chief

July 28, 2014

Date

Executive Director

28 July 2014

Date

## HEILTSUK INDIAN BAND

### INDEPENDENT AUDITORS' REPORT

March 31, 2014

---

#### **Report on the financial statements**

We have audited the accompanying consolidated financial statements of Heiltsuk Indian Band, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, changes in fund balances, 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.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated 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 auditors' 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 auditors consider internal controls 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 controls.

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 consolidated financial statements present fairly, in all material respects, the financial position of Heiltsuk Indian Band as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CERTIFIED GENERAL ACCOUNTANTS

RICHMOND, B.C.  
JULY 28, 2014

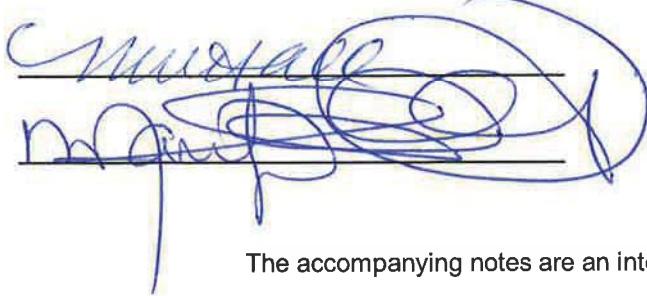
# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As At March 31, 2014

Statement 1

	2014 \$	2013 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	4,570,027	2,037,368
Accounts receivable	2,425,517	3,649,737
Rent receivable	383,695	318,541
Investments (Note 3)	9,240,892	9,697,167
Due from related parties	751,304	737,313
Replacement Reserve Fund (Note 4)	239,934	1,046,160
Ottawa Trust Funds (Note 5)	3,075,286	2,950,827
	<b>20,686,655</b>	20,437,113
<b>LIABILITIES</b>		
Accounts payable and accruals	3,569,499	3,609,587
Accrued interest payable	8,253	9,192
Deferred revenue	178,058	178,058
Current portion of loans payable (Note 7)	57,984	61,667
Current portion of mortgages payable (Note 9)	561,689	543,166
Loans payable (Note 7)	428,217	489,450
Land claims loans payable (Note 8)	3,964,296	3,964,296
Mortgages payable (Note 9)	4,900,544	4,586,847
	<b>13,668,540</b>	13,442,263
<b>NET FINANCIAL ASSETS</b>	<b>7,018,115</b>	6,994,850
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 2c and 10)	21,021,081	21,685,939
Prepaid expenses	50,588	4,557
	<b>21,071,669</b>	21,690,496
	<b>28,089,784</b>	28,685,346

Approved On Behalf of the Heiltsuk Indian Band



The accompanying notes are an integral part of these financial statements

# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF OPERATIONS For the year ended March 31, 2014

Statement 2

	2014 \$	2013 \$
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada	13,559,899	15,808,218
Administration fees	82,230	56,000
Coast Conservation Endowment Fund	940,211	710,000
Department of Justice	69,713	61,170
Department of Fisheries and Oceans Canada	772,352	978,091
First Nation Education Steering Committee	75,368	60,723
Great Bear Initiative	-	520,110
Human Resources Development Canada	-	130,532
Interest	36,494	20,400
Other program revenues	4,441,235	952,745
Province of British Columbia	1,183,156	1,178,210
Rent	173,259	197,511
Royal Canadian Mounted Police	149,920	140,000
Social Housing program	1,542,637	1,612,098
Capital Fund	1,477,604	1,833,210
Loan Fund	-	27,020
Land Claims Fund	20,000	-
Trust Fund	124,459	109,021
Enterprise Fund	(401,626)	(933,902)
	<b>24,246,911</b>	23,461,157
<b>EXPENDITURES</b>		
Operating Fund		
Education	5,147,148	5,188,912
Band administration	11,572,229	11,390,772
Social development	1,776,716	1,883,724
Economic development	2,480,893	1,963,960
Social Housing Program	1,027,881	2,885,601
Capital Fund	2,777,510	1,569,883
Loan Fund	-	2,379
Land Claims Fund	20,000	-
Enterprise Fund	40,096	10,596
	<b>24,842,473</b>	24,895,827
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>(595,562)</b>	(1,434,670)

The accompanying notes are an integral part of these financial statements

## HEILTSUK INDIAN BAND

### CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES For The Year Ended March 31, 2014

#### Statement 3

	Operating Fund \$	Social Housing Fund \$	Capital Fund \$	Loan Fund \$	Land Claims Fund \$	Trust Fund \$	Enterprise Fund \$	Total \$
Balance, beginning of the year	6,903,783	2,790,929	9,696,111	329,579	(3,683,050)	2,950,827	9,697,167	28,685,346
Excess (shortfall) of revenue over expenditures	(930,946)	210	(1,299,906)	-(329,579)	-	124,459	(467,723)	(2,573,906)
Interfund transfers	344,132	-	95,714	-	-	-	(14,553)	-
Replacement reserve fund appropriation	-	(123,347)	-	-	-	-	-	95,714
Replacement reserve fund expenditures	-	52,384	-	-	-	-	-	(123,347)
Operating reserve fund appropriation	-	-	-	-	-	-	-	52,384
Amortization	1,437,797	-	-	-	-	-	-	1,437,797
Pay off Loan Fund loan in Bella Bella Fuel	-	-	-	-	-	-	-	67,111
Write off of assets in Bella Bella Band Store	-	7,724	-	-	-	-	(41,110)	(41,110)
CMHC adjustments	-	482,071	-	-	-	-	-	7,724
Capital outlays/mortgage repayments	-	-	-	-	-	-	-	482,071
Fund balance, end of the year	7,754,766	3,305,685	8,396,205	-	(3,683,050)	3,075,286	9,240,892	28,089,784

## HEILTSUK INDIAN BAND

### CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2014

Statement 4

	2014 \$	2013 \$
<b>ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>(595,562)</b>	(1,434,670)
Acquisition of tangible capital assets	(772,939)	(1,750,000)
Disposition of tangible capital assets	-	1,630,000
Depreciation of tangible capital assets	1,437,797	1,569,884
	<b>69,296</b>	15,214
Acquisition of prepaid asset	(50,588)	(4,557)
Use of prepaid assets	4,557	4,557
	<b>(46,031)</b>	-
<b>NET CHANGE IN NET FINANCIAL ASSETS</b>	<b>23,265</b>	15,214
<b>NET FINANCIAL ASSETS, BEGINNING OF THE YEAR</b>	<b>6,994,850</b>	6,979,636
<b>NET FINANCIAL ASSETS, END OF THE YEAR</b>	<b>7,018,115</b>	6,994,850

# HEILTSUK INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2014

Statement 5

	2014 \$	2013 \$
<b>OPERATING ACTIVITIES</b>		
Annual excess (shortfall) of revenue over expenditures	(595,562)	(1,434,670)
Non-cash item:		
Share of loss (income) of First Nation Controlled Entities	456,275	933,902
Depreciation	1,437,797	1,569,884
Deferred revenue	-	(140,000)
Change in non-cash operating net assets	1,195,683	409,618
	<b>2,494,193</b>	1,338,734
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(772,939)	(120,000)
<b>FINANCING ACTIVITIES</b>		
Repayment of Social Housing Fund mortgage	(482,071)	(520,040)
Repayment of Capital Fund loans	(728,004)	(203,210)
Proceeds from Capital Fund loans	1,339,713	-
	<b>129,638</b>	(723,250)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,850,892</b>	495,484
<b>CASH, BEGINNING OF THE YEAR</b>	<b>6,034,355</b>	5,538,871
<b>CASH, END OF THE YEAR</b>	<b>7,885,247</b>	6,034,355
<b>REPRESENTED BY:</b>		
Cash and cash equivalents	4,570,027	2,037,368
Replacement Reserve Fund	239,934	1,046,160
Ottawa Trust Funds	3,075,286	2,950,827
	<b>7,885,247</b>	6,034,355

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 1: ORGANIZATION, AIMS AND OBJECTIVES

The Heiltsuk Indian Band and controlled entities (the "Band") are financially dependent on funding from government sources to operate programs and to complete capital projects. The Band's ability to operate certain programs depends on continuation of these sources of funding.

Contributions from Aboriginal Affairs and Northern Development Canada ("AANDC") are under terms of Financial Transfer Agreements ("FTA") and are provided on a block funding basis. Generally, FTA funding is provided on a multi-year basis and any unexpended balance is not repayable.

These financial statements do not reflect adjustments in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going-concern assumption were not appropriate.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

#### a) Principles of consolidation

These consolidated financial statements include the accounts of the Band, its program funds and its controlled entities and Bella Bella Community Development Society. All material inter-entity balances have been eliminated. The operations of the controlled entity is as follows:

##### (i) *Bella Bella Community Development Society*

The Bella Bella Community Development Society (the "Society") is incorporated under the British Columbia Society Act. Under an agreement with the Department of Regional Industrial Expansion, the Society is to provide financial services to the First Nation. The Society's constitution restricts its purpose to fostering the social and economic well-being of Heiltsuk Indian Band members or corporations and partnerships in which Heiltsuk Indian Band members participate.

##### (ii) *Investments*

Investments represent investments in, advances to and amounts owing from entities which are owned by the Band. The amounts are recorded on the modified equity basis. Under the modified equity basis, the initial investment is recorded at cost and then adjusted for the Band's share of post-acquisition earnings; however, the accounting principles of the commercial operations are not adjusted to conform with those of the Band.

The commercial operations are as follows:

- Bella Bella Fuel Co. Limited
- Bella Bella Band Store Ltd.
- Eagle Air Services Inc.
- Bella Bella Fisheries Limited
- Heiltsuk Economic Development Corporation
- Heiltsuk Environmental Services Ltd.

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The band controlled operations are as follows:

- *Bella Bella Community School Society* - The Bella Bella Community School Society is incorporated under the British Columbia Society Act. It receives the majority of its funding from AANDC. This funding is received via the Heiltsuk Indian Band, which in turn, has entered into a contractual funding agreement with AANDC. The portion allocated to primary and secondary education is transferred to the Bella Bella Community School Society.
- *Hailika'as Heiltsuk Health Centre* - The Hailika'as Heiltsuk Health Centre operates under a protocol agreement with the Band to deliver preventative health services to the Heiltsuk community.
- *Heiltsuk College/Waglisla Adult Learning Centre* - Heiltsuk College/Waglisla Adult Learning Centre provides basic literacy training for university courses, job skills training, and seminars and workshops to the Heiltsuk community.

#### b) Fund accounting

The Heiltsuk Indian Band follows the restricted fund method of accounting for contributions.

The Operating Fund is a combination of the Band's program delivery and administrative funds and the Bella Bella Community Development Society operating fund.

The Social Housing Fund reports the assets, liabilities and operations of the Heiltsuk Indian Band Housing Program (the "Housing Program"). The Housing Program is administered by the Band and its purpose is to provide affordable housing to Band members.

The Capital Fund reports the assets, liabilities and equity related to the capital assets of the Band.

The Loan Fund reports the assets, liabilities and operations of the Bella Bella Community Development Society.

The Land Claims Fund reports the assets, liabilities and operations arising from the following:

- (1) the Heiltsuk First Nation Contribution Agreement of July 21, 1994, the Heiltsuk First Nation Loan Agreement of July 21, 1994, and the amendments to the respective agreements dated March 16, 1995;
- (2) the First Nation Contribution Agreement dated July 1, 1995, the Heiltsuk First Nation Loan Agreement dated July 1, 1995, and the amendments to the respective agreements dated September 15, 1995 and January 29, 1996;
- (3) the First Nation Negotiation Support Agreement dated June 28, 1996 and its amendment dated February 6, 1997;
- (4) the First Nation Negotiation Support Agreement dated May 7, 1997 and its amendment dated January 13, 1998 (BCTC);

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (5) the Heiltsuk First Nation Support Agreement dated May 8, 1998 and its amendment dated September 2, 1998;
- (6) the Heiltsuk First Nation Support Agreement dated May 26, 1999 and its amendments dated September 23, 1999 and February 9, 2000;
- (7) the Heiltsuk First Nation Support Agreement dated May 21, 2000 and its amendment dated January 19, 2001;
- (8) the Heiltsuk First Nation Support Agreement dated March 26, 2003;
- (9) the Heiltsuk First Nation Support Agreement dated August 21, 2003;
- (10) the Heiltsuk First Nation Support Agreement dated March 27, 2006;
- (11) the Heiltsuk First Nation Support Agreement dated August 21, 2011; and
- (12) the Heiltsuk First Nation Support Agreement dated March 26, 2014.

The Trust Fund reports the assets and operations of the funds held in the Government of Canada Trust accounts.

The Enterprise Fund reports the investments in and advances to band controlled entities

#### c) **Tangible Capital Assets**

Tangible capital assets are expensed at the time of purchase, they are also capitalized at cost on the statement of operations.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity and tangible capital assets.

Tangible capital assets are depreciated annually with a resulting reduction of equity in tangible capital assets.

Tangible capital assets acquired as part of the Social Housing Fund and Enterprise Fund are recorded as assets of those funds.

#### d) **Mortgage and loan proceeds**

Proceeds from debt related to the purchase of capital assets are recorded as a reduction of the equity in Capital Fund. Annual repayments are charged to the statement of operations and changes in fund balances as capital outlays. The reduction in outstanding debt is offset by an increase in the equity of the Capital Fund.

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### e) Depreciation

Tangible capital assets are accounted for as a separate self-balancing Capital Fund. Tangible capital assets are recorded at cost and expensed on the statements of operations and changes in fund balances and are also recorded as an increase in equity in the Capital Fund. Depreciation is recorded as a reduction to the Capital Fund and is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Boat	10 years
Building	10 to 40 years
Fire truck	5 years
Fourplexes	30 years
Furniture and equipment	3 to 5 years
Infrastructure	10 to 20 years
Housing	3 to 20 years
Vehicles	5 years
Waste water treatment plant	15 years
Water treatment plant	15 years

The amounts shown on the statement of financial position are not indicative of current or fair market value and would not necessarily be received in the event of resale.

#### f) Revenue recognition

Restricted contributions received under terms of agreements are recognized as revenue in the year in which the related expenses are incurred. Unexpended restricted contributions are deferred.

Unrestricted contributions are recognized as revenue in the year received.

Rent revenue is recognized as it is earned, when collection is reasonably assured.

Enterprise sales revenue is recognized as it is earned, when collection is reasonably assured.

Interest earned on loans is recorded using the accrual method except where, in management's judgment, collection is in doubt, at which point no further accrual for interest is made.

#### g) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies 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.

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### h) Comparative figures

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

### NOTE 3: INVESTMENTS

	2014 \$	2013 \$
<b>Investment in Band Controlled Entities</b>		
Bella Bella Fuel Co. Limited	100,747	121,649
Bella Bella Band Store Ltd.	123,750	164,859
Eagle Air Services Inc.	(169,712)	(169,712)
Bella Bella Fisheries Limited	577,282	236,973
Bella Bella Community School Society	6,040,029	6,449,128
Hailika'as Heiltsuk Health Centre	1,438,484	1,877,282
Heiltsuk College/Waglisla Adult Learning Centre	200,272	202,536
Heiltsuk Economic Development Corp.	832,011	832,011
Heiltsuk Environmental Services Ltd.	(12,083)	(17,559)
	<b>9,130,780</b>	9,697,167
<b>Other Investments</b>		
Coast Commercial Fisheries Corp.	1	-
Central Coast Commercial Fishing LP	110,111	-
	<b>9,240,892</b>	9,697,167

The advances included in the above amounts are unsecured, interest free and have no fixed terms of repayment.

Financial information for each of the entities for their respective years ending are as follows:

	ASSETS \$	LIABILITIES \$	REVENUES \$	NET INCOME (LOSS) \$
<b>Year ended March 31, 2014</b>				
Bella Bella Fuel Co. Limited	141,103	208,775	-	(7,002)
Bella Bella Band Store Ltd.	(309,872)	633,936	-	-
Bella Bella Community School Society	6,202,876	6,468,948	5,553,912	(409,099)
Hailika'as Heiltsuk Health Centre	1,688,619	250,134	5,306,979	(448,439)
Heiltsuk College/Waglisla Adult Learning Centre	409,336	209,064	557,594	(2,264)
Heiltsuk Economic Development Corp.	1,177,798	345,801	614,305	-
<b>Year ended December 31, 2013</b>				
Bella Bella Fisheries Ltd.	970,063	7,082,096	-	(34,836)

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 4: REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the Operating Agreements with Canada Mortgage and Housing Corporation ("CMHC"), the Social Housing Program must set aside funds annually for the repair, maintenance and replacement of capital assets. Interest earned on the funds is to be credited to the Replacement Reserve Fund. The funds are to be held in a separate bank account or investments that are acceptable to CMHC.

As at March 31, 2014, the Social Housing Program has not complied with all of the terms and conditions of the Operating Agreements. As at March 31, 2014, the Replacement Reserve Fund is underfunded by \$373,207 (2013 - \$33,353).

### NOTE 5: TRUST FUNDS

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

### NOTE 6: OPERATING RESERVE FUND

In accordance with the terms and conditions of the Operating Agreements with CMHC, the New Housing Program is to set aside any surplus revenue to an operating reserve fund for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at March 31, 2014, the Operating Reserve Fund is underfunded by \$52,066 (2013 - \$69,925).

### NOTE 7: LOANS PAYABLE

	2014 \$	2013 \$
Canadian Imperial Bank of Commerce (CIBC) demand loan repayable in monthly installments of \$1,667 plus interest at prime plus 2% per annum, secured by an aircraft.	64,974	88,311
Native Fishing Association loan repayable in monthly installments of \$1,610 including interest at 8.50% per annum, beginning September 30, 2008.	59,541	73,165
CIBC demand loan repayable in monthly installments of \$3,750 including interest beginning September 9, 2010.	361,686	389,641
	<hr/> 486,201	551,117
Less: current portion	57,984	61,667
	<hr/> Long-term portion	428,217
	<hr/> 489,450	

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 7: LOANS PAYABLE (Continued)

#### FUTURE PRINCIPAL REPAYMENTS

The organization has the following future long-term debt principal repayments:

	\$
2015	<b>57,984</b>
2016	<b>60,214</b>
2017	<b>61,578</b>
2018	<b>62,987</b>
2019	<b>64,779</b>
and beyond	<b>178,659</b>
	<hr/> <b>486,201</b> <hr/>

### NOTE 8: LAND CLAIMS LOANS PAYABLE

	2014	2013
	\$	\$
Land claims loans payable	<b>265,000</b>	265,000
Promissory notes	<b>3,699,296</b>	3,699,296
	<hr/> <b>3,964,296</b> <hr/>	3,964,296

The land claims loan represents funds advanced to the Band by the Federal Government for land claims settlement purposes. The advances are non-interest bearing and repayable on the date when the claims are settled.

The promissory notes are advances from AANDC for land claims negotiations. The promissory notes are non-interest bearing until the date the notes become due and payable pursuant to Sections 12.1 and 12.2 of the First Nation Loan Agreement.

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

### NOTE 9: MORTGAGES PAYABLE

	2014 \$	2013 \$
CIBC Mortgage Corporation with loan payments of \$10,530 per month, including interest at 2.63% compounded semi-annually not in advance, amortized over 18 years and secured by a Ministerial Guarantee from AANDC and a first mortgage on 28 housing units, maturing in 2018.	<b>469,923</b>	582,382
All Nations Trust Company with loan payments of \$4,508 per month, including interest at 2.34% amortized over 25 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 15 housing units, maturing in 2015.	<b>66,574</b>	118,459
All Nations Trust Company with loan payments of \$5,168 per month, including interest at 1.67% amortized over 25 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 11 housing units, maturing in 2017.	<b>186,263</b>	244,649
All Nations Trust Company with loan payments of \$6,303 per month, including interest at 2.56% amortized over 20 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 15 housing units, maturing in 2020.	<b>414,983</b>	479,157
CIBC Mortgage Corporation with loan payments of \$2,512 per month, including interest at 2.65% amortized over 25 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 5 housing units, maturing in 2016.	<b>53,895</b>	82,112
All Nations Trust Company with loan payments of \$2,880 per month, including interest at 1.67% amortized over 21 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 6 housing units, maturing in 2018.	<b>130,952</b>	163,042
All Nations Trust Company with loan payments of \$2,331 per month, including interest at 1.81% amortized over 25 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 6 housing units, maturing in 2024.	<b>255,782</b>	278,915
All Nations Trust Company with loans payments of \$3,004 per month including interest at 1.67% amortized over 25 years, secured by a Ministerial Guarantee from AANDC and a first mortgage on 9 housing units, maturing in 2027.	<b>421,186</b>	449,969
<b>Subtotal</b>	<b>1,999,558</b>	2,398,685

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

### NOTE 9: MORTGAGES PAYABLE (Continued)

	2014	2013
	\$	\$
Balance carry forward	<b>1,999,558</b>	2,398,685
All Nations Trust Company loan - retired during the year.	-	381,720
All Nations Trust Company with loan payments of \$1,682 per month, including interest at 5.25% per annum secured by a Ministerial Guarantee from AANDC, maturing in 2017.	<b>121,746</b>	136,921
All Nations Trust Company with loan payments of \$11,546 per month including interest at 2.57% per annum amortized over 24 years, secured by a Ministerial Guarantee from AANDC and first mortgage on housing units, maturing in 2033.	<b>2,129,741</b>	2,212,687
BMO Financial Group with loan payments of \$2,085 per month, including interest at prime plus 1.25% per annum amortized over 25 years, secured by a first mortgage on housing units, maturing in 2038.	<b>277,289</b>	-
BMO Financial Group with loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum amortized over 25 years, secured by a first mortgage on housing units, maturing in 2038.	<b>233,459</b>	-
BMO Financial Group with loan payments of \$1,293 per month, including interest at prime plus 1.25% per annum amortized over 25 years, secured by a first mortgage on housing units, maturing in 2038.	<b>233,459</b>	-
BMO Financial Group with loan payments of \$2,586 per month, including interest at prime plus 1.25% per annum amortized over 25 years, secured by a first mortgage on housing units, maturing in 2038.	<b>466,981</b>	-
	<b>5,462,233</b>	5,130,013
Less: current portion	<b>561,689</b>	543,166
Long-term portion	<b>4,900,544</b>	4,586,847

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 9: MORTGAGES PAYABLE (Continued)

#### FUTURE PRINCIPAL REPAYMENTS

The organization has the following future long-term debt principal repayments:

	\$
2015	<b>561,691</b>
2016	<b>582,698</b>
2017	<b>601,574</b>
2018	<b>620,597</b>
and beyond	<b><u>2,455,316</u></b>
	<b><u>5,462,233</u></b>

### NOTE 10: TANGIBLE CAPITAL ASSETS

Housing represents the Band's capital assets related to the various housing units which are built to provide affordable housing to Band members.

**HEILTSUK INDIAN BAND**  
 NOTES TO THE FINANCIAL STATEMENTS  
 March 31, 2014

**NOTE 10: TANGIBLE CAPITAL ASSETS (Continued)**

	Boat	Buildings	Furniture & Equipment	Infra-structure	Land	Licenses	Vehicles	Waste Treatment Plant	Water Treatment Plant	Social Housing	Total
<b>March 31, 2014</b>											
<b>Cost</b>											
Balance, beginning of year	1,171,399	19,317,988	3,218,022	13,649,143	1,318,225	50,610	629,588	9,267,364	4,271,637	10,870,715	63,764,691
Acquisitions	-	711,854	35,185	-	-	25,900	-	-	-	-	772,939
<b>Balance, end of year</b>	<b>1,171,399</b>	<b>20,029,842</b>	<b>3,253,207</b>	<b>13,649,143</b>	<b>1,318,225</b>	<b>50,610</b>	<b>655,488</b>	<b>9,267,364</b>	<b>4,271,637</b>	<b>10,870,715</b>	<b>64,537,630</b>
Accumulated amortization											
Balance, beginning of year	987,907	13,546,804	3,175,389	10,848,441	-	-	523,275	8,774,733	4,222,203	-	42,078,752
Amortization	39,454	812,025	36,693	6,756	-	-	43,071	492,631	7,167	-	1,437,797
<b>Balance, end of year</b>	<b>1,027,361</b>	<b>14,358,829</b>	<b>3,212,082</b>	<b>10,855,197</b>	<b>-</b>	<b>-</b>	<b>566,346</b>	<b>9,267,364</b>	<b>4,229,370</b>	<b>-</b>	<b>43,516,549</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>144,038</b>	<b>5,671,013</b>	<b>41,125</b>	<b>2,793,946</b>	<b>1,318,225</b>	<b>50,610</b>	<b>89,142</b>	<b>-</b>	<b>42,267</b>	<b>10,870,715</b>	<b>21,021,081</b>
<b>March 31, 2013</b>											
<b>Cost</b>											
Balance, beginning of year	1,171,399	17,567,988	3,218,022	13,649,143	1,318,225	50,610	629,588	9,267,364	4,271,637	12,500,715	63,644,691
Acquisitions	-	1,750,000	-	-	-	-	-	-	-	-	1,750,000
Disposals	-	-	-	-	-	-	-	-	-	-	(1,630,000)
<b>Balance, end of year</b>	<b>1,171,399</b>	<b>19,317,988</b>	<b>3,218,022</b>	<b>13,649,143</b>	<b>1,318,225</b>	<b>50,610</b>	<b>629,588</b>	<b>9,267,364</b>	<b>4,271,637</b>	<b>10,870,715</b>	<b>63,764,691</b>
Accumulated amortization											
Balance, beginning of year	948,452	12,734,779	3,127,324	10,841,685	-	-	484,684	8,156,909	4,215,036	-	40,508,869
Amortization	39,455	812,025	48,065	6,756	-	-	38,591	617,824	7,167	-	1,569,883
<b>Balance, end of year</b>	<b>987,907</b>	<b>13,546,804</b>	<b>3,175,389</b>	<b>10,848,441</b>	<b>-</b>	<b>-</b>	<b>523,275</b>	<b>8,774,733</b>	<b>4,222,203</b>	<b>-</b>	<b>42,078,752</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>183,492</b>	<b>5,771,184</b>	<b>42,633</b>	<b>2,800,702</b>	<b>1,318,225</b>	<b>50,610</b>	<b>106,313</b>	<b>492,631</b>	<b>49,434</b>	<b>10,870,715</b>	<b>21,685,940</b>

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 11: COMMITMENTS

The Band is liable as guarantor of CMHC mortgages for Band members as follows:

\$	
44,395	
47,531	
<u>50,701</u>	
 <u>142,627</u>	

In the ordinary course of operations, claims are made against the Band, and it is currently involved in various lawsuits. The amount of the Band's liability, if any, in these lawsuits is uncertain. In the opinion of management, settlement of these lawsuits will not have a material adverse effect on the financial position of the Band.

### NOTE 12: ECONOMIC DEPENDENCE

The Heiltsuk Indian Band and controlled entities (the "Band") are financially dependent on funding from government sources to operate programs and to complete capital projects. The Band's ability to operate certain programs depends on continuation of these sources of funding.

### NOTE 13: SEGMENTED INFORMATION

The Heiltsuk Indian Band is a government institution that provides a range of programs and services to its members, including band programs, education, economic development, community services, social services, and capital projects. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide.

**NOTE 13: SEGMENTED INFORMATION (Continued)**

	Education	Band Administration	Social Dev't	Economic Dev't	Other	Housing	Total 2014
<b>REVENUE</b>							
Aboriginal Affairs and Northern Development Canada	-	13,531,656	28,243	-	-	-	13,559,899
Administration fees	-	82,230	-	-	-	-	82,230
Coast Conservation Endowment Fund	-	-	-	940,211	-	-	940,211
Coast Economic Development Society	-	149,920	-	-	-	-	149,920
Department of Fisheries and Oceans Canada	-	260,887	-	511,465	-	-	772,352
Department of Justice	-	69,713	-	-	-	-	69,713
First Nation Education Steering Committee	-	-	75,368	-	-	-	75,368
Interest	-	36,494	-	-	-	-	36,494
Naut'sa mawt Tribal Council	-	-	-	-	-	-	-
Other	-	3,795,065	52,274	593,896	-	-	4,441,235
Province of British Columbia	-	1,180,230	2,926	-	-	-	1,183,156
Rent	-	173,259	-	-	-	-	173,259
Social Housing program	-	-	-	-	-	-	-
Capital Fund	-	-	-	1,477,604	-	-	1,477,604
Land Claims Fund	-	-	-	20,000	-	-	20,000
Trust Fund	-	-	-	124,459	-	-	124,459
Enterprise Fund	-	-	-	(401,626)	-	-	(401,626)
	-	19,279,454	158,811	2,045,572	1,220,437	1,542,637	24,246,911

**HEILTSUK INDIAN BAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2014**

**NOTE 13: SEGMENTED INFORMATION (Continued)**

	Education	Band Administration	Social Dev't	Economic Dev't	Other	Housing	Total 2014
<b>EXPENSES</b>							
Contributions	5,147,148	-	39,374	233,388	-	-	5,380,536
Contracted services	-	3,906,220	-	317,076	-	-	4,262,670
Depreciation	-	-	-	-	1,437,797	-	1,437,797
Insurance	-	93,594	9,183	3,584	-	-	106,361
Materials and supplies	-	1,443,026	4,307	77,396	-	-	1,524,729
Other	-	1,997,705	134,478	356,430	1,399,809	1,027,881	4,916,303
Professional services	-	381,334	-	12,726	-	-	394,060
Rent of facilities and equipment	-	71,771	-	597	-	-	72,368
Salaries and benefits	-	3,069,244	554,167	1,307,839	-	-	4,931,250
Social assistance payments	-	-	988,006	-	-	-	988,006
Travel	-	296,484	19,973	136,018	-	-	452,475
Utilities	-	312,851	27,228	35,839	-	-	375,918
	5,147,148	11,572,229	1,776,716	2,480,893	2,837,606	1,027,881	24,842,473
	<b>(5,147,148)</b>	<b>7,707,225</b>	<b>(1,617,905)</b>	<b>(435,321)</b>	<b>(1,617,169)</b>	<b>514,756</b>	<b>(595,562)</b>

**NOTE 13: SEGMENTED INFORMATION (Continued)**

	Education	Band Administration	Social Dev't	Economic Dev't	Other	Housing	Total 2013
<b>REVENUE</b>							
Aboriginal Affairs and Northern Development Canada	41,764	15,771,191	35,560	(40,297)	-	-	<b>15,808,218</b>
Administration fees	-	56,000	-	-	-	-	<b>56,000</b>
Coast Conservation Endowment Fund	-	-	-	710,000	-	-	<b>710,000</b>
Department of Fisheries and Oceans	-	530,000	-	448,091	-	-	<b>978,091</b>
Department of Justice	-	61,170	-	-	-	-	<b>61,170</b>
First Nation Education Steering Committee	-	-	60,723	-	-	-	<b>60,723</b>
Great Bear Initiative	-	-	-	520,110	-	-	<b>520,110</b>
Human Resources Development Canada	-	-	130,532	-	-	-	<b>130,532</b>
Interest	-	20,400	-	-	-	-	<b>20,400</b>
Other	-	489,514	57,547	405,684	-	-	<b>952,745</b>
Province of British Columbia	-	1,153,502	6,708	18,000	-	-	<b>1,178,210</b>
Rent	-	197,511	-	-	-	-	<b>197,511</b>
Royal Canadian Mounted Police	-	140,000	-	-	-	-	<b>140,000</b>
Social Housing program	-	-	-	-	-	-	<b>1,612,098</b>
Capital Fund	-	-	-	-	-	-	<b>1,833,210</b>
Loan Fund	-	-	-	-	27,020	-	<b>27,020</b>
Trust Fund	-	-	-	-	109,021	-	<b>109,021</b>
Enterprise Fund	-	-	-	-	(933,902)	-	<b>(933,902)</b>
	<b>41,764</b>	<b>18,419,288</b>	<b>291,070</b>	<b>2,061,588</b>	<b>1,035,349</b>	<b>1,612,098</b>	<b>23,461,157</b>

**HEILTSUK INDIAN BAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2014**

**NOTE 13: SEGMENTED INFORMATION (Continued)**

	Education	Band Administration	Social Dev't	Economic Dev't	Other	Housing	Total 2014
<b>EXPENSES</b>							
Contributions	5,188,912	-	74,927	297,521	-	-	5,486,433
Contracted services	-	5,241,817	-	151,797	-	-	5,468,541
Depreciation	-	-	-	-	1,569,883	-	1,569,883
Insurance	-	59,675	9,343	7,305	-	-	76,323
Materials and supplies	-	776,934	6,202	44,012	-	-	827,148
Other	-	1,385,222	100,529	267,235	12,975	2,885,601	4,651,562
Professional services	-	394,947	-	5,937	-	-	400,884
Rent of facilities and equipment	-	51,568	-	8,095	-	-	59,663
Salaries and benefits	-	2,888,007	650,830	1,089,345	-	-	4,628,182
Social assistance payments	-	-	1,002,708	-	-	-	1,002,708
Travel	-	290,653	13,849	60,105	-	-	364,607
Utilities	-	301,949	25,336	32,608	-	-	359,893
	5,188,912	11,390,772	1,883,724	1,963,960	1,582,858	2,885,601	24,895,827
	<b>(5,147,148)</b>	<b>7,028,516</b>	<b>(1,592,654)</b>	<b>97,628</b>	<b>(547,509)</b>	<b>(1,273,503)</b>	<b>(1,434,670)</b>

# HEILTSUK INDIAN BAND

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2014

---

### NOTE 14: FINANCIAL INSTRUMENTS

#### *Fair value*

The Band's financial instruments consist primarily of cash and cash equivalents, accounts receivable, rent receivables, advances to commercial operations, accounts payable and accrued liabilities, accrued interest payable, loans payable, mortgages payable and land claims loans payable which have a fair value approximately equal to the carrying value, except for advances to commercial operations, mortgages payable and land claim loans payable where fair values are not determinable due to the uncertainty of the repayment terms.

#### *Financial risk*

The financial risk is the risk that the value of the Band's financial instruments will vary due to fluctuations in interest rates and the degree of volatility of these rates. The Band is exposed to significant financial risk as a result of changes in interest rates affecting loans and interest receivable and mortgages payables as they are at fixed rates. The Band does not use derivative instruments to reduce its exposure to rate changes.

#### *Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The band is exposed to credit risk from its funding contributors and customers and significant risk from housing tenants; however, the Band has a large number of diverse funding contributors, customers and housing tenants which mitigates the concentration of credit risk.