

FORT NELSON FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

FORT NELSON FIRST NATION
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MARCH 31, 2014

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Fort Nelson First Nation for the year ended March 31, 2014 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is described in the consolidated financial statements. 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 aspects.

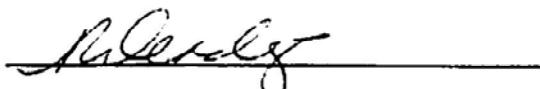
Fort Nelson First Nation's management is responsible for maintaining systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and Fort Nelson First Nation's assets are appropriately accounted for and adequately safeguarded.

Fort Nelson First Nation's Chief and Council are responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The consolidated financial statements have been audited by KNV Chartered Accountants LLP in accordance with Canadian generally accepting auditing standards on behalf of the members. KNV Chartered Accountants LLP has full and free access to the Chief and Council with regard to audit requirements.

On behalf of Fort Nelson First Nation



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INDEPENDENT AUDITOR'S REPORT

To the Members,
Fort Nelson First Nation:

We have audited the accompanying consolidated financial statements of Fort Nelson First Nation, which comprise the consolidated statements of financial position as at March 31, 2014 and the consolidated statements of change in net financial assets, remeasurement gains and losses, operations and accumulated surplus (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

First Nation's Management's Responsibility for the Financial Statements

First Nation's Management is responsible for the preparation and fair presentation of these consolidated 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

One of Fort Nelson First Nation's controlled organizations consolidated in the financial statements derive a portion of its revenue from cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to cash revenues, accumulated surplus (deficit), assets and net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KNV'.

July 8, 2014

Chartered Accountants LLP

FORT NELSON FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2014 AND 2013

	2014	2013
	(Note 22)	
FINANCIAL ASSETS:		
Cash and cash equivalents (Note 3)	\$ 6,360,524	\$ 2,457,820
Portfolio investments (Note 4)	8,172,681	6,710,332
Trust funds held by federal government (Note 5)	16,344,433	24,600,925
Accounts receivable (Note 6)	3,962,424	2,767,970
Inventory for resale	66,703	19,785
Investment in partnership	4,444,152	6,290,318
<u>Investments in and advances to government business enterprises (Note 7)</u>	<u>19,818,481</u>	<u>20,383,610</u>
Total financial assets	59,169,398	63,230,760
FINANCIAL LIABILITIES:		
Accounts payable and accrued liabilities (Note 11)	2,347,417	1,038,154
Deferred revenue (Note 12)	624,002	865,550
Promissory note payable (Note 13)	90,821	-
Long-term debt (Note 14)	1,813,477	1,748,046
Total financial liabilities	4,875,717	3,651,750
NET FINANCIAL ASSETS	54,293,681	59,579,010
NON-FINANCIAL ASSETS:		
Tangible capital assets (Note 15)	31,201,840	24,832,964
Prepaid expenses	169,698	229,025
Total non-financial assets	31,371,538	25,061,989
ACCUMULATED SURPLUS (Note 21)	\$ 85,665,219	\$ 84,640,999

LEASE COMMITMENTS AND CONTINGENT LIABILITIES (Notes 16 & 17)

APPROVED BY COUNCIL


John, Chief Councillor

Alley, Councillor

The accompanying Notes are an integral part of this statement.

FORT NELSON FIRST NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Budget	2014	2013
(Note 22)			
INCREASE (DECREASE) IN NET FINANCIAL ASSETS:			
Annual surplus (deficit)	\$ 3,138,956	\$ 797,481	\$ 7,994,497
Acquisition of tangible capital assets	(7,204,202)	(8,206,638)	(3,087,720)
Disposition of tangible capital assets	-	7,460	10,958
Amortization of tangible capital assets	1,582,929	1,830,302	1,698,833
Acquisition of prepaid expenses	-	(169,698)	(229,025)
Use of prepaid expenses	-	229,025	38,437
Remeasurement gains for the year	-	226,739	78,629
Increase (decrease) in net financial assets		(5,285,329)	6,504,609
NET FINANCIAL ASSETS, BEGINNING OF THE YEAR		59,579,010	53,074,401
NET FINANCIAL ASSETS, END OF THE YEAR		\$ 54,293,681	\$ 59,579,010

The accompanying Notes are an integral part of this statement.

FORT NELSON FIRST NATION
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS (LOSSES)
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	\$ 78,629	\$ -
Unrealized gains on portfolio investments	173,995	76,260
Unrealized foreign exchange gains on portfolio investments	122,702	2,369
Realized gains on portfolio investments reclassified to the statement of operations	(69,958)	-
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	<u>\$ 305,368</u>	<u>\$ 78,629</u>

The accompanying Notes are an integral part of this statement.

FORT NELSON FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
(DEFICIT)
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	Budget	2014	2013
		(Note 22)	
REVENUES:			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 4,451,810	\$ 3,858,019	\$ 3,386,463
BC Hydro	98,000	98,000	83,118
Canada Mortgage and Housing Corporation (CMHC)	93,538	83,424	75,239
Department of Justice Canada	72,130	72,130	72,130
First Nations Education Steering Committee (FNESC)	176,600	251,870	205,923
Health Canada/First Nations Health Authority (HC/FNHA)	1,390,349	1,780,172	1,068,836
Income from investment in partnership	2,500,000	319,985	4,743,798
Income from investments in government business enterprises	-	1,008,200	3,844,347
Income from portfolio investments	800,000	685,885	1,014,285
Interest income	40,000	128,234	72,106
North East Native Advancing Society (NENAS)	181,780	64,117	198,353
Other revenue	4,118,567	4,941,115	4,051,835
Property taxation	92,881	60,485	92,881
Province of British Columbia	2,879,567	3,387,798	2,155,123
Rental income	215,428	192,529	188,374
	17,110,650	16,931,963	21,252,811
EXPENSES:			
Administration	1,887,394	2,099,145	1,848,613
Band Housing	313,874	218,448	228,299
Capital	1,430,282	1,177,838	942,721
Capital Asset Fund	1,582,929	2,055,823	1,655,886
Child Development	413,771	270,212	365,912
Economic Development	2,283,986	3,808,866	2,213,385
Education	3,769,658	2,976,264	2,805,123
Enterprise Fund	20,694	990,404	895,335
Health	881,914	936,473	864,074
Other Reserves Fund	952	360,734	260,960
Social Housing	204,003	138,694	122,704
Social Services	1,182,237	1,101,581	1,055,302
	\$13,971,694	16,134,482	13,258,314
ANNUAL SURPLUS (DEFICIT)		797,481	7,994,497
ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR		84,562,370	76,567,873
ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR		\$85,359,851	\$84,562,370

The accompanying Notes are an integral part of this statement.

FORT NELSON FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014 AND 2013

	2014	2013
CASH AND CASH EQUIVALENTS WAS PROVIDED FROM (USED IN):		
Operating transactions:		
Annual surplus (deficit)	\$ 797,481	\$ 7,994,497
Items not affecting cash -		
Amortization of tangible capital assets	1,830,302	1,698,833
Loss on sale of tangible capital assets	3,658	8,858
Unrealized foreign exchange gains on portfolio investments	122,702	2,369
Unrealized gains on portfolio investments	173,995	76,260
Realized gains on portfolio investments reclassified to the statement of operations	(69,958)	-
	2,858,180	9,780,817
Net change in non-cash working capital balances (Note 19)	(114,324)	711,939
	2,743,856	10,492,756
Investing transactions:		
Increase in portfolio investments	(1,462,349)	(2,705,007)
Decrease (increase) in investments in and advances to government business enterprises	565,129	(1,245,889)
Decrease (increase) in investment in partnership	1,846,160	(4,319,779)
	948,940	(8,270,675)
Financing transactions:		
Repayment of long-term debt	(128,748)	(135,832)
Proceeds from long-term debt	194,179	-
Proceeds from promissory note payable	90,821	-
	156,252	(135,832)
Capital transactions:		
Proceeds from sale of tangible capital assets	3,802	2,100
Acquisition of tangible capital assets	(8,206,638)	(3,087,720)
	(8,202,836)	(3,085,620)
Increase (decrease) in cash and cash equivalents	(4,353,788)	(999,371)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	27,058,745	28,058,116
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 22,704,957	\$ 27,058,745

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Note 20)

COMPARATIVE FIGURES (Note 22)

The accompanying Notes are an integral part of this statement.

FORT NELSON FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

PURPOSE OF FORT NELSON FIRST NATION

Fort Nelson First Nation (the First Nation) is a First Nations village government operating out of Fort Nelson, British Columbia. The First Nation is responsible for the well-being of its community and enacts legal policies and programs in the areas of Administration, Capital, Child Development, Economic Development, Lands, Education, Health, Housing, Social Services and Other Investments. The First Nation is also mandated to take actions to protect the well-being of members and the community and to establish cultural programs and undertake initiatives in economic development.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Reporting Entity

Included in the reporting entity are the First Nation and all related entities that are controlled by the First Nation.

(c) Principles of Consolidation

All fully owned and controlled entities are consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in Fort Nelson First Nation's consolidated financial statements include:

1. Liard Hotsprings Lodge (FNFN) Ltd.
2. FNFN Gravel Pits Ltd.

Organizations accounted for on a modified equity basis include:

1. 672465 B.C. Ltd.
2. Eh Cho Dene GP Ltd.
3. Eh Cho Dene Enterprises Limited Partnership
4. Waterways Communication Limited Partnership
5. Waterways Communication Inc. (inactive)

(d) Financial Instruments

i. Measurement

The First Nation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (Continued)

i. Measurement (Continued)

The First Nation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Financial assets comprise of cash and cash equivalents, accounts receivable and portfolio investments.

Financial liabilities comprise of accounts payable and accrued liabilities, deferred revenue, promissory note and long-term debt.

Fair value is determined by the price that is quoted in an active market. The most recent quoted price becomes its new carrying value. When a quoted price in an active market is not available for an equity instrument that is a portfolio investment, it is measured at cost.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

ii. Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

iii. Transaction Costs

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(e) Cash and Cash Equivalents

Cash and cash equivalents represent operating cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts with an initial maturity of less than three months and which are subject to an insignificant risk of changes in value.

(f) Portfolio Investments

The First Nation has investments in Guaranteed Investment Certificates (GIC's) and equity instruments that either have no maturity dates or have a maturity of greater than three months at the time of acquisition. GIC's and other investments not quoted in an active market are reported at cost or amortized cost.

Portfolio investments in equity instruments that are quoted in an active market are recorded at fair value and the associated transaction costs are expensed upon initial recognition. The change in the fair value is recognized in the Consolidated Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the portfolio investments are realized on disposal. Upon disposal, any accumulated remeasurement gains or losses associated with the portfolio investments are reclassified to the Consolidated Statement of Operations.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Portfolio Investments (Continued)

Impairment is defined as a loss in value of a portfolio investment that is other than a temporary decline and is included in the Consolidated Statement of Operations. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Consolidated Statement of Remeasurement Gains and Losses. The loss is not reversed if there is a subsequent increase in value.

(g) Inventory for Resale

Inventory is recorded at the lower of cost (first-in, first-out basis) and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale.

(h) Tangible Capital Assets

Material tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Maintenance and repair costs are recognized as an expense when incurred. Betterments that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded at fair value when received and shown as revenue in the capital fund, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Revenue received for operations and used to purchase tangible capital assets are recorded in the individual funds with an offsetting transfer to the capital asset fund for the amount of the tangible capital asset. Revenue received directly for tangible capital assets are recorded in the capital asset fund where the amortization is expensed. Any gains or losses on the disposal of the capital assets are recorded in the capital asset fund.

All intangibles and items inherited by right of the First Nation, such as reserve lands, forests, water, and mineral resources, are not recognized as assets in the First Nation's consolidated financial statements.

The First Nation's assets under construction consist of the material and labour costs for projects under construction that were not completed at March 31, 2014.

Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Budgets

Budget information has been included when the information is available. These budgets have been prepared by department managers and approved by Chief and Council.

(j) Revenue Recognition

Funding received under funding arrangements which relates to a subsequent period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position. Funding is recognized when conditions have been met.

Investment income reported on investments not subject to significant influence is recorded as revenue in the period earned.

Rental and other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

(k) Amortization

Tangible capital assets controlled by the First Nation are amortized over their estimated useful lives on a straight-line basis using the following annual rates:

Buildings	4%
Automotive equipment	10%
Computer and office equipment	10%-20%
Machinery and equipment	10%
Roads and land improvements	4%-8%
Service installations	5%

Amortization on Social Housing assets acquired under housing programs sponsored by CMHC are recorded at a rate equivalent to the annual principal reduction in related long-term debt, which is estimated to be their useful life.

Assets under construction are not amortized until the asset becomes available for use.

(l) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Financial assets include cash and cash equivalents, portfolio investments and trust funds held by federal government. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Non-financial assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(n) Foreign Currency Translation

Assets bought and sold during the year and transactions relating to revenues and expenses in foreign currencies are translated into Canadian dollars at the rate prevailing at the transaction dates. Monetary assets and liabilities in foreign currencies at the close of the year are translated into Canadian dollars at the rate prevailing at the year-end.

Foreign exchange gains or losses arise from recording the difference between foreign currency balances translated at rates prevailing at year-end and balances translated at rates prevailing on transaction dates. As at March 31, 2014, cash and cash equivalents and portfolio investments include \$213,274 and \$972,236 respectively (2013 - \$140,927 and \$327,292) in US dollars and converted into Canadian dollars.

Unrealized foreign exchange gains (losses) are recognized in the consolidated statement of remeasurement gains (losses). In the period of settlement, realized foreign exchange gains and losses are recognized in the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

(o) Expenses

Expenses are recognized in the fiscal year that the events giving rise to the expense occur and resources are consumed.

(p) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of the First Nation for which it is appropriate to separately report financial information to achieve the objectives of the First Nation. The objectives of disclosing information about segments are to:

- i. help users of the consolidated financial statements identify the resources allocated to support the major activities of the First Nation;
- ii. help users of the consolidated financial statements make more informed judgments about the First Nation and about its major activities;
- iii. help users of the consolidated financial statements better understand the manner in which the organizations in the First Nation are organized and how the First Nation discharges its accountability obligations;
- iv. enhance the transparency of financial reporting; and
- v. help users of the consolidated financial statements better understand the performance of the segments and the First Nation.

The First Nation identifies its segments based on specific projects and funding arrangements which have been disclosed in the consolidated financial statements. Management does not believe that any additional disclosures are helpful to the users due to the nature of their funding agreements and the fact that the nature of their operations are not diverse enough to warrant such disclosures.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

2. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant credit, interest or liquidity risks arising from the financial instruments disclosed on the statement of financial position.

(a) Interest Rate Risk

Interest rate risk is the risk to the First Nation's earnings that arises from fluctuations in market interest rates and the degree of volatility of these rates. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. Management expects interest rates to remain relatively constant for the coming year and therefore considers the related risk to be low.

(b) Market Risk

Market risk relates to the possibility that the equity investments will change in value due to future fluctuations in market prices. The First Nation does not use derivative instruments to reduce its exposure to market risk.

(c) Fair Values

Due to their short-term nature, the carrying values of cash and cash equivalents, portfolio investments, accounts receivable, accounts payable, accrued liabilities and deferred revenue approximate their fair values. The terms and interest rates of the First Nation's long-term debt are similar to those currently offered for similar loans, therefore the carrying values of these loans are also considered to approximate their fair values.

3. CASH AND CASH EQUIVALENTS

(a) Included in cash and cash equivalents are externally restricted funds as follows:

	2014	2013
		(Note 22)
Deferred revenue (Note 12)	\$ 624,002	\$ 865,550
Funded reserves	241,481	223,585
	<hr/>	<hr/>
	\$ 865,483	\$ 1,089,135

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

3. CASH AND CASH EQUIVALENTS (Continued)

(b) Revolving Line of Credit

The First Nation has available a \$250,000 revolving line of credit with interest charged at the Scotiabank prime rate plus 1.5% per annum. At March 31, 2014, the outstanding line of credit balance was \$NIL (2013 - \$NIL), and is secured by certain vehicles owned.

(c) Designated Funds

Included in cash and cash equivalents are designated funds in the amount of \$2,432,443 (2013 - \$NIL) that may only be used for the purpose of funding specific capital projects. These funds represent the unexpended portion of cash withdrawn from the Capital account within the Trust Funds Held by Federal Government (Note 5). Any surpluses remaining on completion of these capital projects cannot be used for any other purpose and must be returned for redeposit into the Capital account.

4. PORTFOLIO INVESTMENTS

Included in portfolio investments are externally restricted funds in the amount of \$2,984,824 (2013 - \$NIL) which include guaranteed investment certificates held as security for specific projects.

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

AANDC holds certain funds in trust for the First Nation. These funds are designated as revenue or capital funds 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. Subject to approval by the Minister of Aboriginal Affairs and Northern Development Canada, the First Nation is permitted to expend its revenue funds for any purpose that will support the general progress and welfare of the First Nation and members. The expenditures of capital funds requires the consent of the Minister of Aboriginal Affairs and Northern Development Canada and such expenditures generally must be for projects of a capital nature.

The trust funds held by federal government are analyzed as follows:

	2013		2014	
	Total	Additions	Withdrawals	Total
Revenue	\$ 458,068	\$ 594,349	\$ (458,068)	\$ 594,349
Capital	24,142,857	72,227	(8,465,000)	15,750,084
Fund Total	\$ 24,600,925	\$ 666,576	\$ (8,923,068)	\$ 16,344,433

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

6. ACCOUNTS RECEIVABLE

The First Nation's accounts receivable are analyzed as follows:

	2014	2013
	(Note 22)	
AANDC	\$ 134,019	\$ 272,850
Due from members	1,091,929	1,108,293
HC/FNHA	563,115	288,951
Province of British Columbia	7,916	30,762
Other receivables	3,068,741	1,899,329
	4,865,720	3,600,185
Less - allowance for doubtful accounts	(903,296)	(832,215)
	\$ 3,962,424	\$ 2,767,970

7. INVESTMENTS IN AND ADVANCES TO GOVERNMENT BUSINESS ENTERPRISES

The First Nation's investments and advances to government business enterprises are analysed as follows:

	2014	2013
	(Note 22)	
672465 B.C. Ltd. (Note 8.a)	\$ 1,044,527	\$ 1,179,680
Eh Cho Dene GP Ltd. (Note 8.b)	8,272	6,715
Eh Cho Dene Enterprises Limited Partnership (Note 9)	18,713,241	19,129,385
Waterways Communications Limited Partnership (Note 10)	52,416	67,805
Waterways Communications Inc. (inactive)	25	25
	\$ 19,818,481	\$ 20,383,610

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The First Nation holds 100% ownership of 672465 B.C. Ltd. and Eh Cho Dene GP Ltd. The following provides condensed financial information for the year ended March 31, 2014:

(a) 672465 B.C. Ltd.

	2014	2013
Assets:		
Cash and cash equivalents	\$ 270,818	\$ 331,741
Accounts receivable	123,267	-
Prepaid and other current assets	-	2,240
Corporate income tax recoverable	-	6,317
Equipment, net of accumulated amortization	691,262	921,683
Total assets	\$ 1,085,347	\$ 1,261,981
Liabilities:		
Accounts payable and accrued liabilities	\$ 40,820	\$ 82,301
Due to the First Nation	363,468	643,170
	404,288	725,471
Shareholder's equity	681,059	536,510
Total liabilities and shareholder's equity	\$ 1,085,347	\$ 1,261,981
Results of operations:		
Revenue	\$ 3,104,642	\$ 2,023,058
Expenses	(2,960,094)	(1,912,741)
Net income	\$ 144,548	\$ 110,317

FORT NELSON FIRST NATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****8. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES (Continued)**

(b) Eh Cho Dene GP Ltd.

	2014	2013
		(Note 22)
Assets:		
Corporate income tax recoverable	\$ 938	\$ -
Loan receivable, related entity	- -	40
Investment in related entity	17,241	17,508
Total assets	\$ 18,179	\$ 17,548
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,700	\$ 1,701
Corporate income tax payable	- -	2,442
Due to related entity	10,565	6,264
	12,265	10,407
Shareholder's equity	5,914	7,141
Total liabilities and shareholder's equity	\$ 18,179	\$ 17,548
Results of operations:		
Revenue	\$ (266)	\$ 3,404
Expenses	(961)	(2,106)
Net income (loss)	\$ (1,227)	\$ 1,298

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

9. INVESTMENT IN EH CHO DENE ENTERPRISES LIMITED PARTNERSHIP

Eh Cho Dene GP Ltd. and the First Nation have an investment in Eh Cho Dene Enterprises Limited Partnership, a government business enterprise. The purpose of the Partnership is to carry on road construction, site preparation and maintenance and land clearing for gas plants, hydro stations and right-of-ways.

The First Nation owns 99.9% (999/1,000) units of the Partnership. The following provides condensed financial information for the year ended March 31, 2014:

	2014	2013
	(Note 22)	
Assets:		
Cash and cash equivalents	\$ 4,581,324	\$ 4,684,572
Term deposit	7,420,550	4,035,879
Accounts receivable	2,682,633	9,451,353
Inventory	96,500	11,124
Work in progress	81,373	412,103
Prepaid expenses	79,556	114,647
Loan receivable, related entity	8,247	6,264
Property and equipment	6,168,675	6,327,077
Total assets	\$ 21,118,858	\$ 25,043,019
Liabilities:		
Accounts payable and accrued liabilities	\$ 683,557	\$ 3,236,517
Obligation under capital lease	848,836	1,068,187
Long-term debt	699,624	1,435,064
Due to the First Nation	561,398	711,398
	2,793,415	6,451,166
Partners' equity	18,325,443	18,591,853
Total liabilities and partners' equity	\$ 21,118,858	\$ 25,043,019
Results of operations:		
Revenue	\$ 11,942,213	\$ 28,183,417
Expenses	(12,208,623)	(25,306,169)
Net income (loss)	\$ (266,410)	\$ 2,877,248

At March 31, 2014, the First Nation's share of the partners' equity totals \$18,308,194 (2013 - \$18,574,338).

FORT NELSON FIRST NATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****9. INVESTMENT IN EH CHO DENE ENTERPRISES LIMITED PARTNERSHIP (Continued)****(a) Credit Facilities**

Provided by The Bank of Nova Scotia, the Partnership has available for use the following credit facilities:

Operating credit line, to an authorized limit of \$750,000 to provide financing for general operating requirements. Advances are repayable upon demand and bear interest at the bank's prime lending rate plus 1.00% per annum with interest payable monthly.

Revolving term loan and/or lease line, to an authorized limit of \$500,000, to assist with financing and/or leasing of equipment. Terms may be from 1 to 5 years. The term advances bear interest at the bank's prime lending rate plus 1.50% per annum with interest payable monthly. The lease line bears interest at the bank's prime lending rate plus 1.15%, per annum with interest payable monthly.

The security for the above mentioned facilities include the following:

General security agreement over all present and future personal property with appropriate insurance coverage payable to the bank;

Unlimited guarantee signed by Fort Nelson First Nation;

Unlimited guarantee signed by Eh Cho Dene GP Ltd.;

Unlimited postponement agreement signed by Fort Nelson First Nation;

Specific fixed charges over certain pieces of equipment with appropriate insurance coverage payable to the bank.

The loans were not drawn upon at year-end.

(b) Related Party Transactions

During the year, the Partnership billed revenues to recover costs incurred in the amounts of \$287,102 (2013 - \$23,100) to the First Nation. These transactions are in the normal course of operations and are recorded at the exchange amount.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

10. INVESTMENT IN WATERWAYS COMMUNICATIONS LIMITED PARTNERSHIP

Northwestel Inc. and the First Nation have an investment in Waterways Communications Limited Partnership, a government business partnership. The purpose of the Partnership is to carry on the business of providing communication products and services for resource companies operating within the Horn River Basin.

The First Nation owns 51% (51/100) units of the Partnership. The following provides condensed financial information for the year ended March 31, 2014:

	2014	2013
Assets:		
Cash and cash equivalents	\$ 201,863	\$ 56,408
Accounts receivable	124,304	109,276
Due from related entities	3,976	-
Total assets	\$ 330,143	\$ 165,684
Liabilities:		
Accounts payable and accrued liabilities	\$ 268,623	\$ 32,732
Due to related entities	-	60,520
	268,623	93,252
Partners' equity	61,520	72,432
Total liabilities and partners' equity	\$ 330,143	\$ 165,684
Results of operations:		
Revenue	\$ 666,424	\$ 410,706
Expenses	(636,079)	(378,848)
Net income	\$ 30,345	\$ 31,858

At March 31, 2014, the First Nation's share of the partners' equity totals \$31,375 (2013 - \$36,940).

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The First Nation's accounts payable and accrued liabilities are analyzed as follows:

	2014	2013
	(Note 22)	
AANDC payable	\$ 12,342	\$ 26,155
HC/FNHA payable	19,425	55,846
Other accounts payable and accrued liabilities	2,315,650	956,153
	\$ 2,347,417	\$ 1,038,154

12. DEFERRED REVENUE

The First Nation's deferred revenue is analyzed as follows:

	2013	Current Year	Current Year	2014
	Deferred Revenue	Funding Received	Revenue Recognized	Deferred Revenue
	(Note 22)			
AANDC	\$ 150,015	\$ 1,879,824	\$ (1,883,718)	\$ 146,121
HC/FNHA	18,460	83,352	(101,812)	-
Province of BC	641,465	1,056,539	(1,315,265)	382,739
Other deferred revenue	55,610	100,000	(60,468)	95,142
	\$ 865,550	\$ 3,119,715	\$ (3,361,263)	\$ 624,002

13. PROMISSORY NOTE PAYABLE

The promissory note is payable to the Government of Canada as represented by AANDC. The funds are to be utilized for expenditures with respect to the research, development, and negotiation of its Specific Claim relating to the Trapline Registration Specific Claim. The note is non-interest bearing, unsecured and is due on the earlier of March 31, 2018 or the date on which the Specified Claim is settled.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

14. LONG-TERM DEBT

The First Nation's long-term debt is analyzed as follows:

	2014	2013
CIBC mortgage payable - Mortgage repayable in monthly instalments of \$286, including interest at 4.30% per annum; due for renewal on May 1, 2018 and matures March 2023; guaranteed by AANDC.	\$ 21,690	\$ 23,776
Scotiabank mortgage payable - Mortgage repayable in monthly instalments of \$431 including interest at 3.995% per annum; due for renewal on May 15, 2023 and matures May 2032; guaranteed by AANDC.	66,914	68,228
All Nations Trust (6 houses - Phase 1) (CMHC Full Program) - Mortgage repayable in monthly instalments of \$2,607, including interest at 1.53% per annum; due for renewal on December 1, 2017 and matures November 1, 2019; guaranteed by AANDC.	169,700	198,156
All Nations Trust (6 houses - Phase 1) (CMHC Full Program) - Mortgage repayable in monthly instalments of \$2,517, including interest at 2.86% per annum; due for renewal on January 1, 2019 and matures December 1, 2028; guaranteed by AANDC.	363,220	383,070
All Nations Trust (6 units - Phase 3) (CMHC Full Program) - Mortgage repayable in monthly instalments of \$2,307, including interest at 1.44% per annum; due for renewal on July 1, 2017 and matures July 1, 2037; guaranteed by AANDC.	546,582	568,596
Scotiabank (Vehicle loan) - Loan due on demand, repayable in monthly instalments of \$5,000, plus interest at prime plus 1.5% per annum; due October 31, 2016; secured by certain owned vehicles.	155,000	196,138
All Nations Trust (Mortgage) - Mortgage repayable in monthly instalments of \$719, including interest at 4.89% per annum; due for renewal on February 1, 2016 and matures February 1, 2036; guaranteed by AANDC.	83,600	85,714
All Nations Trust (Mortgage) - Mortgage repayable in monthly instalments of \$382, including interest at 5.5% per annum; due for renewal on January 1, 2015 and matures January 1, 2025; guaranteed by AANDC.	30,252	33,072
All Nations Trust (Mortgage) - Mortgage repayable in monthly instalments of \$1,134, including interest at 4.89% per annum; due for renewal on August 1, 2016 and matures August 1, 2036; guaranteed by AANDC.	186,148	191,296

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

14. LONG-TERM DEBT (Continued)

	2014	2013
Scotiabank (Vehicle loan) - Loan due on demand, repayable in monthly instalments of \$3,807, plus interest at prime plus 1.5% per annum; due April 30, 2018; secured by certain owned vehicles.	\$ 190,371	\$ -
Less - current portion	1,813,477 (183,242)	1,748,046 (140,290)
	<u>\$ 1,630,235</u>	<u>\$ 1,607,756</u>

Approximate principal payments due in the next five years and thereafter are as follows:

2015	\$ 183,242
2016	192,386
2017	169,351
2018	136,375
2019	100,386
Thereafter	<u>1,031,737</u>
	<u><u>\$ 1,813,477</u></u>

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

15. TANGIBLE CAPITAL ASSETS

The First Nation's tangible capital assets are analyzed as follows:

	2013 Cost	2013 Accumulated Amortization	2013 Net Book Value	2014 Additions (Disposals)	Amortization (Net of Disposals)	2014 Net Book Value
First Nation Operations:						
Land	\$ 2,255,652	\$ -	\$ 2,255,652	\$ -	\$ -	\$ 2,255,652
Buildings	14,926,594	6,442,103	8,484,491	2,310,627	640,385	10,154,733
Automotive equipment	1,309,215	725,371	583,844	(115,035)	(49,144)	517,953
Computer and office equipment	1,125,181	721,124	404,057	80,453	98,503	386,007
Machinery and equipment	661,590	554,236	107,354	7,555	13,339	101,570
Roads and land improvements	9,584,629	4,175,870	5,408,759	105,395	394,510	5,119,644
Service installations	10,083,764	7,258,981	2,824,783	263,729	507,015	2,581,497
Assets under construction	2,006,097	-	2,006,097	5,355,799	-	7,361,896
Total First Nation Operations	41,952,722	19,877,685	22,075,037	8,008,523	1,604,608	28,478,952
Social Housing Operations:						
CMHC Housing units	2,076,983	380,720	1,696,263	28,800	68,928	1,656,135
Related Entity Operations:						
Liard Hot Springs Lodge -						
Property and equipment	1,353,400	291,736	1,061,664	42,999	39,667	1,064,996
Fort Nelson First Nation Gravel Pits -						
Equipment	-	-	-	2,147	390	1,757
Total related entity operations	1,353,400	291,736	1,061,664	45,146	40,057	1,066,753
	\$ 45,383,105	\$ 20,550,141	\$ 24,832,964	\$ 8,082,469	\$ 1,713,593	\$ 31,201,840

	2014 Cost	2014 Accumulated Amortization	2014 Net Book Value
First Nation Operations:			
Land	\$ 2,255,652	\$ -	\$ 2,255,652
Buildings	17,237,221	7,082,488	10,154,733
Automotive equipment	1,194,180	676,227	517,953
Computer and office equipment	1,205,634	819,627	386,007
Machinery and equipment	669,145	567,575	101,570
Roads and land improvements	9,690,024	4,570,380	5,119,644
Service installations	10,347,493	7,765,996	2,581,497
Assets under construction	7,361,896	-	7,361,896
Total First Nation Operations	49,961,245	21,482,293	28,478,952
Social Housing Operations:			
CMHC Housing units	2,105,783	449,648	1,656,135
Related Entity Operations:			
Liard Hot Springs Lodge -			
Property and equipment	1,396,399	331,403	1,064,996
Fort Nelson First Nation Gravel Pits -			
Equipment	2,147	390	1,757
Total related entity operations	1,398,546	331,793	1,066,753
	\$ 53,465,574	\$ 22,263,734	\$ 31,201,840

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

16. LEASE COMMITMENTS

The First Nation's total obligations under various operating leases for equipment are as follows:

2015	\$ 24,914
2016	19,327
2017	8,503
2018	8,081
<u>Thereafter</u>	<u>6,734</u>
	<u>\$ 67,559</u>

17. CONTINGENT LIABILITIES

(a) Member Housing Loans

The First Nation is contingently liable for member housing loans provided to individual members for loans made by various financial institutions for purposes of acquiring on reserve housing. In the event that members default on their obligations under these loans, the First Nation would be required to pay the outstanding loan balance to the lenders. In the event that the First Nation is unable to pay on any defaulted member loans, these loans are guaranteed by AANDC. The First Nation's guarantee is itself secured by the related real properties.

As at March 31, 2014, the loans are analyzed as follows:

All Nations Trust Company	\$ 109,496
All Nations Trust Company	17,577
CIBC Mortgage Corporation	31,663
CIBC Mortgage Corporation	10,057
CIBC Mortgage Corporation	11,356
CIBC Mortgage Corporation	43,685
Peace Hills Trust	44,285
<u>Scotia Mortgage Corporation</u>	<u>15,439</u>
	<u>\$ 283,558</u>

(b) Guarantor

The First Nation is a guarantor on a line of credit to Eh Cho Dene Enterprises Limited Partnership that has a balance of \$NIL at March 31, 2014.

(c) Legal Action

The First Nation has been named defendant in a legal action alleging various torts related to a road blockade. Legal council to the First Nation is unable to assess the First Nation's potential liability, if any, resulting from this action. Accordingly, no provision has been made in the accounts for such an occurrence. If any loss is eventually realized, it will be treated as a charge to income in the year incurred.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

18. CMHC ASSISTANCE

An agreement with CMHC under Section 95 of the National Housing Act provides assistance equivalent to the breakeven point as agreed between the First Nation and CMHC. The agreement provides for review of the level of assistance if the mortgage interest rate is increased or decreased on renewal.

In return for the above assistance from CMHC toward member housing charges, the First Nation has agreed to make annual housing assessments against its tenants' incomes in the minimum amount of \$77,544. If the First Nation charges annual housing assessments less than \$77,544, it has agreed to contribute the balance. The First Nation may retain operating surpluses to provide against future revenue shortfalls.

19. NET CHANGE IN NON CASH WORKING CAPITAL BALANCES

	2014	2013
Decrease (increase) in accounts receivable	\$ (1,194,454)	\$ 670,120
Decrease (increase) in inventory for resale	(46,912)	982
Decrease (increase) in prepaid expenses	59,327	(190,588)
Increase (decrease) in accounts payable and accrued liabilities	1,309,263	(272,829)
<u>Increase (decrease) in deferred revenue</u>	<u>(241,548)</u>	<u>504,254</u>
	<u><u>\$ (114,324)</u></u>	<u><u>\$ 711,939</u></u>

20. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The First Nation's cash and cash equivalents are comprised of:

	2014	2013
Cash and cash equivalents	\$ 6,360,524	\$ 2,457,820
Trust funds held by federal government	16,344,433	24,600,925
	<u><u>\$22,704,957</u></u>	<u><u>\$27,058,745</u></u>

During the year the First Nation paid cash for interest of \$56,311 (2013 - \$46,620) and received cash for interest of \$799,429 (2013 - \$930,326).

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

21. ACCUMULATED SURPLUS (DEFICIT)

The First Nation's accumulated surplus is analyzed as follows:

	2014	2013
	(Note 22)	
Restricted cash and cash equivalents	\$ 865,483	\$ 1,089,135
Designated cash and cash equivalents	2,432,443	-
Restricted portfolio investments	2,984,824	-
Designated portfolio investments	8,172,681	6,710,332
Investment in partnership	4,444,158	3,290,318
Trust funds held by federal government - capital account	15,750,084	24,142,857
Investment in and advances to government business enterprises	19,818,481	20,383,610
Investment in tangible capital assets	31,201,840	24,832,964
	85,669,994	80,449,216
Surplus (deficit) available for operations	(310,143)	1,113,154
Accumulated operating surplus	85,359,851	81,562,370
Accumulated remeasurement gains	305,368	78,629
	\$ 85,665,219	\$ 81,640,999

22. COMPARATIVE FIGURES

Certain balances of the preceding year have been reclassified to conform with current year's financial statement presentation.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

23. SEGMENT DISCLOSURE

The First Nation describes its operating segments as follows:

(a) Administration

This segment provides band support and administrative services for the operations of the First Nation, including various financial functions such as payroll, accounts receivable and accounts payable.

(b) Capital Works

This segment is comprised of programs that oversee the First Nation's infrastructure.

(c) Capital Asset Fund

This segment is comprised of capital assets and related amortization as well as revenue of capitalized assets and assets under construction.

(d) Child Development

This segment is comprised of programs that promote early childhood development and culture to children and young families.

(e) Economic Development

This segment implements community economic development planning and capacity building initiatives, which are pursued to benefit the First Nation's community by enhancing employment, income generation activities, use of land and resources, economic infrastructure and business opportunities.

(f) Lands

This segment is responsible for ensuring that interests of the First Nation are represented in matters of lands and natural resources.

(g) Education

This segment is responsible for managing and delivering K to grade 12 education programs and services. This includes language and culture, employment counselling services and the management of post-secondary student funding and support programs.

(h) Health

This segment administers the delivery of the Health Programs and Services.

(i) Housing

This segment activities include Nation owned and CMHC housing rental units and repairs.

(j) Social Services

This segment administers benefits and services to individuals and families living on reserve who are in need of support. Department services include income assistance, assisted living, family violence prevention and awareness.

(k) Other Investments

This segment includes income and investments in government business enterprises, as well as income from portfolio investments and partnerships.

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

23. SEGMENT DISCLOSURE (Continued)

	Administration	Capital Works	Capital Asset Fund	Child Development	Economic Development	Lands
REVENUES:						
AANDC	\$ 507,039	\$ 522,542	\$ 370,648	\$ 74,418	\$ 82,429	\$ -
BC Hydro	-	-	-	-	-	98,000
CMHC	-	-	-	-	-	-
Health Canada/FNHA	-	-	960,260	-	-	32,020
Income from investment in partnership	-	-	-	-	-	-
Income from investments in government business enterprises	-	-	-	-	-	-
Income from portfolio investments	-	-	3,299	-	-	-
Other revenue	1,360,307	54,349	-	119,205	-	3,414,338
Province of British Columbia	912,936	-	1,555,672	92,078	13,533	93,502
	2,780,282	576,891	2,889,879	285,701	95,962	3,637,860
EXPENSES:						
Amortization	-	-	1,721,317	-	-	-
Bad debts	42,660	-	-	-	-	-
Busing	-	-	-	-	-	-
Community programs	201,284	-	-	2,123	-	-
Distribution to minors	-	-	-	-	-	-
Equipment and furniture	64,450	15,236	-	3,198	-	62,299
Honoraria	82,742	-	-	-	13,050	13,512
Insurance	1,122	24,145	-	-	-	-
Interest on long-term debt	4,152	-	-	-	-	-
Lands rebilling	-	-	-	-	-	1,759,517
Post secondary allowances	-	-	-	-	-	-
Professional fees	518,820	-	-	-	96,746	965,457
Property taxes	-	-	-	-	-	-
Purchases and cost of goods sold	-	-	-	-	-	-
Repairs and maintenance	70	416,154	-	-	-	-
Social services payments	-	-	-	-	-	-
Student incentives	-	-	-	-	-	-
Supplies and other	78,705	177,198	334,506	18,289	5,387	163,560
Travel and training	75,524	7,717	-	4,792	1,174	56,371
Utilities	46,886	69,886	-	7,363	29	38,442
Wages and benefits	982,735	467,501	-	238,448	25,207	634,918
	2,099,150	1,177,837	2,055,823	274,213	141,593	3,694,076
SURPLUS (DEFICIT) BEFORE TRANSFERS	681,132	(600,946)	834,056	11,488	(45,631)	(56,216)
TRANSFER FROM (TO) OPERATING FUNDS	(1,483,062)	600,946	8,899,534	3,643	45,631	228,008
ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR	1,889,139	-	17,295,154	37,483	-	657,065
ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR	\$ 1,087,209	\$ -	\$ 27,028,744	\$ 52,614	\$ -	\$ 828,857

FORT NELSON FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

23. SEGMENT DISCLOSURE (Continued)

	Education	Health	Housing	Social Services	Other Investments	2014	2013
REVENUES:							
AANDC	\$ 1,844,814	\$ 5,576	\$ -	\$ 450,553	\$ -	\$ 3,858,019	\$ 3,386,463
BC Hydro	-	-	-	-	-	98,000	83,118
CMHC	-	-	83,424	-	-	83,424	75,239
Health Canada/FNHA	-	787,892	-	-	-	1,780,172	1,068,836
Income from investment in partnership	-	-	-	-	319,985	319,985	4,743,798
Income from investments in government business enterprises	-	-	-	-	1,008,200	1,008,200	3,844,347
Income from portfolio investments	-	-	-	-	682,586	685,885	1,014,285
Other revenue	295,957	18,725	220,086	88,265	180,042	5,751,274	4,925,362
Province of British Columbia	644,948	-	-	75,129	-	3,387,798	2,155,123
	2,785,719	812,193	303,510	613,947	2,190,813	16,972,757	21,296,571
EXPENSES:							
Amortization	-	-	68,928	-	40,057	1,830,302	1,698,833
Bad debts	-	-	-	-	1,477	44,137	64,242
Busing	93,800	-	-	-	-	93,800	83,458
Community programs	-	263,565	-	101,928	-	568,900	591,595
Distribution to minors	-	-	-	-	360,000	360,000	260,000
Equipment and furniture	6,498	2,393	-	1,766	-	155,840	362,023
Honoraria	3,375	-	-	9,628	-	122,307	170,703
Insurance	31,872	2,700	35,025	-	21,967	116,831	87,908
Interest on long-term debt	-	-	35,043	-	-	39,195	52,977
Lands rebilling	-	-	-	-	-	1,759,517	210,932
Post secondary allowances	281,890	-	-	-	-	281,890	238,390
Professional fees	33,177	15,321	3,420	-	42,086	1,675,027	1,556,548
Property taxes	-	-	-	-	29,351	29,351	26,357
Purchases and cost of goods sold	-	-	-	-	387,455	387,455	307,667
Repairs and maintenance	60,608	1,000	73,464	14,729	44,304	610,329	558,852
Social services payments	-	-	-	469,701	-	469,701	376,983
Student incentives	52,403	-	-	-	-	52,403	39,810
Supplies and other	237,085	13,901	30,472	33,910	47,687	1,140,700	626,701
Travel and training	48,631	6,320	1,197	35,232	9,271	246,229	332,826
Utilities	80,659	8,810	29,015	22,272	113,801	417,163	386,289
Wages and benefits	2,046,265	622,462	80,577	422,404	253,682	5,774,199	5,268,980
	2,976,263	936,472	357,141	1,111,570	1,351,138	16,175,276	13,302,074
SURPLUS (DEFICIT) BEFORE TRANSFERS	(190,544)	(124,279)	(53,631)	(497,623)	839,675	797,481	7,994,497
TRANSFER FROM (TO) OPERATING FUNDS	53,908	35,471	52,680	486,309	(8,923,068)	-	-
ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR	149,152	163,647	457,823	8,710	63,904,197	84,562,370	76,567,873
ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR	\$ 12,516	\$ 74,839	\$ 456,872	\$ (2,604)	\$ 55,820,804	\$ 85,359,851	\$ 84,562,370