

**Halfway River First Nation  
Consolidated Financial Statements**  
*March 31, 2014*

# Halfway River First Nation Contents

*For the year ended March 31, 2014*

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### **Management's Responsibility**

To the Members of Halfway River First Nation:

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

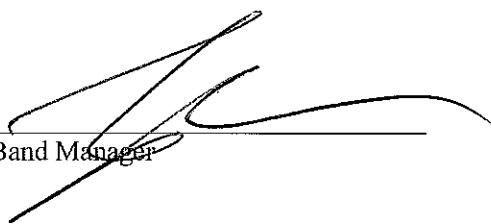
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

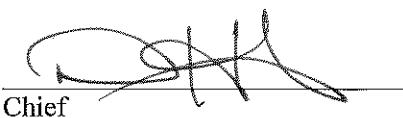
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

Holm Clements Kwong Raiche Oberg, an independent firm of chartered accountants, is appointed by Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and administration to discuss their audit findings.

Oct 22/2014  
Date

  
Band Manager

  
Chief

# *Holm Clements Kwong Raiche Oberg*

## *Chartered Accountants*

1321 - 101<sup>st</sup> Street

North Battleford, Saskatchewan S9A 0Z9

Telephone: (306) 445-6291 Facsimile: (306) 445-3882

Email: info@jhsc.ca

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### INDEPENDENT AUDITOR'S REPORT

To the Members of Halfway River First Nation

#### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Halfway River First Nation, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated operating surplus (deficit), 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement 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*

Not all of the entities owned and controlled by the Nation were subject to an audit. The income (loss) of these entities enters into the determination of the results from operations and the valuation of investments shown in the financial statements of the Nation. Thus, we were unable to determine whether an adjustment might be necessary to investments and advances to related Nation entities, income (loss) from investment in Nation business entities, statement of revenue and expenses and surplus, and changes in accumulated surplus.

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*Basis for Qualified Opinion (continued)*

As explained in note 18, the First Nation has not disclosed the budget information as required by Canadian Public Sector Accounting Standards.

We were unable to satisfy ourselves that expenditures were properly classified and charged against the appropriate function.

*Qualified Opinion*

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

*Other Matter*

Comparative figures were audited by another firm of public accountants and were issued with a qualified opinion on September 11, 2013.

North Battleford, Saskatchewan  
October 22, 2014

*Holm Clements Kwong Raiche Oberg*  
Chartered Accountants

**Halfway River First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Financial assets</b>		
Cash resources (Note 3)	1,936,542	1,665,620
Temporary investments (Note 4)	376,137	597,069
Accounts receivable (Note 5)	529,641	720,746
Advances to related Nation entities & departments (Note 6)	2,045,578	1,418,445
Funds held in trust (Note 7)	2,855,595	2,313,996
<b>Total of financial assets</b>	<b>7,743,493</b>	<b>6,715,876</b>
<b>Liabilities</b>		
Accounts payable and accruals	1,142,373	321,164
Deferred revenue (Note 8)	483,555	299,929
AANDC debt (Note 9)	3,250,255	2,989,372
Long-term debt (Note 10)	2,382,554	2,522,757
<b>Total of financial liabilities</b>	<b>7,258,737</b>	<b>6,133,222</b>
<b>Net financial assets</b>	<b>484,756</b>	<b>582,654</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	6,378,590	4,912,609
Prepaid expenses	-	22,888
<b>Total non-financial assets</b>	<b>6,378,590</b>	<b>4,935,497</b>
<b>Accumulated operating surplus (Note 13)</b>	<b>6,863,346</b>	<b>5,518,151</b>

Approved on behalf of the Council



Chief



Councilor

**Halfway River First Nation**  
**Consolidated Statement of Operations and Accumulated Operating Surplus (Deficit)**  
*For the year ended March 31, 2014*

	<i>Schedules</i>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada			
Aboriginal Affairs and Northern Development Canada	260,883	445,530	
Grant	151,560	157,715	
Fixed Contributions	317,020	620,191	
Set Contributions	225,200	104,077	
Recoveries	(19,229)	(86,035)	
C.P.A., forestry and oil and gas income	2,106,898	1,311,194	
Other revenues (Note 20)	1,654,712	822,479	
Health Canada	343,764	350,160	
Canada Mortgage and Housing Corporation	109,691	94,399	
Additional government funding	7,049	-	
Rental income	309,345	254,864	
Interest income	557	-	
Province of British Columbia	150,000	90,000	
Monitors	429,258	181,680	
Management fee and other income	-	580,680	
NRT funding	20,000	-	
Earnings (loss) from investment in Nation business entities	692,663	(499,372)	
AANDC Recoveries	-	(7,277)	
Deferred revenue - prior year	299,930	394,162	
Deferred revenue - current year	(483,555)	(299,933)	
	<b>6,575,746</b>	<b>4,514,514</b>	

*Continued on next page*

**Halfway River First Nation**  
**Consolidated Statement of Operations and Accumulated Operating Surplus (Deficit)**  
*For the year ended March 31, 2014*

	<i>Schedules</i>	<i>2014</i>	<i>2013</i>
<i>(Continued from previous page)</i>		<b>6,575,746</b>	4,514,514
<b>Expenses</b>			
Administration	2	629,137	261,275
Community Events	3	97,595	68,571
Economic Development	4	14,100	14,861
Consultation Process Agreement Fund	5	637,982	664,166
Western Boundary	6	184,639	84,934
Education	7	115,390	122,829
Post Secondary Student Support Program	8	56,505	123,987
Housing-Band Owned	9	263,778	273,500
Housing-Social	10	312,055	317,201
Land	11	1,177,601	462,501
Land and Resource Development - CEOP	12	-	98,254
Commercial Leasing	13	-	35,363
Nation Businesses	14	2,953	3,247
INAC 2420 - Family Violence Prevention Project	15	2,766	-
Social Development	16	-	96,090
Social Development - Service Delivery	17	-	44,268
Community Operations	18	532,472	333,575
Capital Project - Water under \$1.5M - CPMS 5508	20	29,378	60,325
Capital project - Water under \$1.5M - CPMS 9360	21	-	146
Safe Water Operations - SWOP	22	26,899	26,520
BCCI - Strategic planning	23	97,700	-
P & ID Program	24	35,157	-
Aboriginal Diabetes	25	19,892	21,536
Head Start	26	78,792	68,614
Brighter Futures	27	31,121	51,303
Mental Health	28	22,541	20,626
Youth Solvent Abuse Program	29	4,451	4,917
Community Health Promotion and Injury	30	53,661	39,734
Canada Prenatal Nutrition Program	31	6,491	6,190
Home & Community Care	32	51,999	23,333
Drinking Water Safety Program	33	6,460	7,702
HIV/AIDS Strategy	34	515	507
Medical Transportation	35	54,481	53,013
Visiting Physicians	36	5,695	6,546
O&M - Health Service Funding	37	11,466	14,557
Alcohol & Drug Abuse Program	38	36,299	33,899
Environmental Health Program	39	-	49,957
Child/Family Development	40	95,234	717
Aboriginal Health Improvement Program	41	12,510	-
Talisman	42	-	10,466
Treaty Land	43	90,868	183,416
Agricultural Benefits	44	66,467	141,843
Trapline	45	104,618	120,248
<b>Total expenditures (Schedule 1)</b>		<b>4,969,668</b>	3,950,737
<b>Operating surplus before other items</b>		<b>1,606,078</b>	563,777

*Continued on next page*

**Halfway River First Nation**  
**Consolidated Statement of Operations and Accumulated Operating Surplus (Deficit)**  
*For the year ended March 31, 2014*

	<i>Schedules</i>	<b>2014</b>	<b>2013</b>
<b>Operating surplus before other items</b>	<i>(Continued from previous page)</i>	<b>1,606,078</b>	563,777
<b>Other items</b>			
Gain on disposal of capital assets		-	11,000
Transfer to long-term debt		<b>(260,883)</b>	(307,190)
		<b>(260,883)</b>	(296,190)
<b>Excess of revenue over expenses</b>		<b>1,345,195</b>	267,587

**Halfway River First Nation**  
**Consolidated Statement of Accumulated Operating Surplus**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>5,518,151</b>	5,250,564
<b>Excess of revenue over expenses</b>	<b>1,345,195</b>	267,587
<b>Accumulated operating surplus, end of year</b>	<b>6,863,346</b>	5,518,151

**Halfway River First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Excess of revenue over expenses</b>	<b>1,345,195</b>	267,587
Purchases of tangible capital assets	(1,880,285)	(1,110,834)
Amortization of tangible capital assets	414,302	465,309
(Gain) on sale of tangible capital assets	-	(11,000)
Proceeds of disposal of tangible capital assets	-	11,000
	<b>(1,465,983)</b>	(645,525)
Acquisition of prepaid expenses	-	(851)
Use of prepaid expenses	22,890	-
<b>Increase (decrease) in net financial assets</b>	<b>(97,898)</b>	(378,789)
<b>Net financial assets, beginning of year</b>	<b>582,654</b>	961,443
<b>Net financial assets, end of year</b>	<b>484,756</b>	582,654

**Halfway River First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	1,345,195	267,587
Non-cash items		
Amortization	414,302	465,309
Gain on disposal of capital assets	-	(11,000)
Earnings from investment in Nation business	(692,663)	499,372
	1,066,834	1,221,268
Changes in working capital accounts		
Accounts receivable	191,105	(229,057)
Prepaid expenses	22,890	(851)
Accounts payable and accruals	821,209	(129,767)
Deferred revenue	183,626	(94,232)
	2,285,664	767,361
<b>Financing activities</b>		
Repayment of long-term debt	(140,203)	(138,949)
Advance of AANDC debt	260,883	307,190
	120,680	168,241
<b>Capital activities</b>		
Purchases of tangible capital assets	(1,880,285)	(1,110,834)
Proceeds of disposal of tangible capital assets	-	11,000
	(1,880,285)	(1,099,834)
<b>Investing activities</b>		
Purchase of temporary investments	(5,068)	(7,159)
Proceeds on disposal of temporary investments	226,000	-
Advances to related Nation entities	-	(957,627)
Repayment of advances to related Nation entities	65,530	449,771
Amounts deposited into trust funds	(644,489)	(73,262)
Amount disbursed from trust funds	102,890	-
	(255,137)	(588,277)
<b>Increase (decrease) in cash resources</b>	<b>270,922</b>	<b>(752,509)</b>
<b>Cash resources, beginning of year</b>	<b>1,665,620</b>	<b>2,418,129</b>
<b>Cash resources, end of year</b>	<b>1,936,542</b>	<b>1,665,620</b>
Interest paid	88,146	95,050

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**1. Operations**

The Halfway River First Nation (the "First Nation") was established pursuant to the *Indian Act of Canada*. The Nation is located in the province of British Columbia, and provides various services to its members. Halfway River First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Reporting entity***

The financial statements reflect the assets, liabilities, revenue and expenses, changes in net financial assets and change in financial position of the reporting entity. This entity is comprised of operations and all organizations that are owned or controlled by the Nation and are therefore, accountable to the Council for administration of their financial affairs and resources.

Funds consist of:

- Administration
- Economic Development
- Consultation Process Agreement Fund
- Treaty Land Entitlement
- Specific Claims
- Community Events
- Education
- Post Secondary Student Support Program
- Housing - Band Owned
- CMHC Housing
- Land
- Land and Resource Development - CEOP
- Commercial Leasing
- Nation Businesses
- Social Development
- Community Operations
- Capital Projects
- Safe Water Operations - SWOP
- Medical Services

Halfway River First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity method include:

- Six Nation Ventures Limited Partnership
- Halfway River Ventures Ltd.
- Halfway River Resources Ltd.

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**2. Significant accounting policies** *(Continued from previous page)*

***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. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, and prepaid expenses.

***Measurement uncertainty***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, and amounts due from related Nation entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

***Net financial assets***

The Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

***Cash***

Cash include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Revenue recognition***

***Funding***

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

***Government transfers***

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

***Other revenue***

Revenue is recognized when services have been delivered and collection can be reasonably assured.

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**2. Significant accounting policies** *(Continued from previous page)*

***Non-financial assets***

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets for the year.

**Tangible capital assets**

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Contributed tangible assets are recorded at their fair value at the date of contribution; if a fair value is not readily available they will be recorded at a nominal value.

**Amortization**

Tangible capital assets are amortized annually on a straight line basis over their estimated useful lives. In the year of acquisition, one-half the annual amortization is applied. Assets under construction are not amortized until the asset is available for productive use.

	Rate
Buildings	20-25 years
Band housing	20 years
Social housing	20 years
Furniture and equipment	5 years
Infrastructure	25 years
Vehicles	3 years
Farm equipment	10 years
Cultural Centre	25 years

**Long-term debt**

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

***Prepaid expenses and deposits***

Prepaid expenses include insurance costs incurred which will be expensed in the following fiscal year, pre-payments on assets delivered after year end and legal retainers not held in trust.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**2. Significant accounting policies** *(Continued from previous page)*

***Long-lived assets***

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in surplus for the year.

***Segments***

The Nation conducts its business through 19 (2013 - 19) reportable segments, which are shown in the schedules that follow. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the *Significant accounting policies*.

***Financial instruments***

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

**3. Cash resources**

	<b>2014</b>	<b>2013</b>
Cash	867,914	633,665
Restricted Cash	1,068,628	1,031,955
	<b>1,936,542</b>	<b>1,665,620</b>

Restricted cash is made up of funds that the Nation has designated for use in TLE projects, CMHC housing projects, and Legacy projects.

	<b>2014</b>	<b>2013</b>
Canada Mortgage and Housing Corporation	371,234	353,853
Lands	231,396	324,814
Legacy	465,998	353,288
	<b>1,068,628</b>	<b>1,031,955</b>

**4. Temporary investments**

The Nation has a Guaranteed Investment Certificate held with Scotia bank which earns interest at a rate of 1.15% and will mature August 2014.

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**5. Accounts receivable**

	<b>2014</b>	<b>2013</b>
Trade/ other	456,740	131,998
Allowance for doubtful accounts - trade/other	<u>(154,227)</u>	<u>(16,598)</u>
	302,513	115,400
Aboriginal Affairs and Northern Development Canada	112,369	150,558
Health Canada	30,980	98,879
Government of Canada	-	74,258
Treaty 8	-	89,513
Canadian Mortgage and Housing Corporation	59,801	-
	203,150	413,208
Members	239,263	224,427
Allowance for doubtful accounts	<u>(215,285)</u>	<u>(32,289)</u>
	23,978	192,138
	529,641	720,746

**6. Advances to related nation entities & departments**

The Nation has investments in the following entities:

	<b>2014</b>			
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
<b>Nation Businesses and Partnerships – Modified Equity:</b>				
Halfway River Ventures Ltd. - 100% ownership	3	1,133,346	547,574	1,680,923
Six Nations Ventures Limited Partnership - 16.67% ownership	20	-	362,823	362,843
Halfway River Resources Ltd. - 100% ownership	3	1,809	-	1,812
	26	1,135,155	910,397	2,045,578
	<b>2013</b>			
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
<b>Nation Businesses and Partnerships – Modified Equity:</b>				
Halfway River Ventures Ltd. - 100% ownership	3	1,110,376	19,385	1,129,764
Six Nations Ventures Limited Partnership - 16.67% ownership	20	-	287,447	287,467
Halfway River Resources Ltd. - 100% ownership	3	1,211	-	1,214
	26	1,111,587	306,832	1,418,445

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**7. Funds held in trust**

Capital and revenue trust monies are transferred to the Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Council.

	<b>2014</b>	<b>2013</b>
<b>Capital Trust</b>		
Balance, beginning of year	1,598,214	1,582,721
Income	83,610	15,493
Balance, end of year	<b>1,681,824</b>	1,598,214
<b>Revenue Trust</b>		
Balance, beginning of year	570,698	529,901
Interest	106,139	40,797
Balance, end of year	<b>676,837</b>	570,698
<b>War Chest Trust</b>		
Balance, beginning of year	145,084	128,112
Deposits into trust funds	557	16,972
Legal fees	(88,208)	-
Balance, end of year	<b>57,433</b>	145,084
<b>Treaty Land, Agricultural, Trapline and TransCanada</b>		
Deposit - TLE	260,883	-
Deposit - TransCanada	193,300	-
Legal Fees	(14,682)	-
	<b>439,501</b>	-
	<b>2,855,595</b>	2,313,996

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**8. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Expensed</i>	<i>Balance, end of year</i>
Health - Child and family development	75,283	-	75,283	-
New fire hall	48,000	-	-	48,000
Community events	22,500	-	22,500	-
Youth & Elders	2,500	-	2,500	-
Health - Talisman	49,534	-	-	49,534
Hockey Rink	42,113	-	16,092	26,021
Oil & Gas - consultation process agreement	60,000	-	60,000	-
Economic Development - Purchase Guiding and Outfitting Co	-	360,000	-	360,000
	<b>299,930</b>	<b>360,000</b>	<b>176,375</b>	<b>483,555</b>

**9. AANDC debt**

The Council has filed a specific claim in the British Columbia Supreme Court for damage for injunctive relief, infringement of Treaty Rights and for related declarations of rights pursuant to Treaty 8 against the Minister of Forests. Negotiations towards an out of court settlement are currently in progress. The outcome is not certain and presently undeterminable. The Council received funding from the Aboriginal Affairs and Northern Development Canada as advance for the negotiation of this claim. Under the terms of the funding agreement, these advances are to be repaid by the Council out of their claim settlements. These advances have been recorded as liability, as the Council has provided promissory notes to the Government of Canada in accordance with the Native Claims Loan Agreement.

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**10. Long-term debt**

	<b>2014</b>	2013
All Nations Trust mortgage bearing interest at 5.25% payable in monthly instalments of \$1,259, due 2017, secured by a ministerial guarantee.	<b>175,458</b>	181,199
RBC mortgage bearing interest at 3.53% payable in monthly instalments of \$1,305, due 2016, secured by a ministerial guarantee.	<b>198,458</b>	206,912
RBC mortgage bearing interest at 3.39% payable in monthly instalments of \$2,015, due 2017, secured by a ministerial guarantee.	<b>243,431</b>	259,094
RBC mortgage bearing interest at 2.41% payable in monthly instalments of \$278, due 2014, secured by a ministerial guarantee.	<b>10,933</b>	13,700
All Nation Trust mortgage bearing interest at 2.26% payable in monthly instalments of \$2,539, due 2017, secured by a ministerial guarantee.	<b>437,137</b>	459,124
All Nations Trust mortgage bearing interest at 2.76% payable in monthly instalments of \$1,602, due 2016, secured by a ministerial guarantee.	<b>109,248</b>	124,944
All Nation Trust mortgage bearing interest at 1.62% payable in monthly instalments of \$1,641, due 2018, secured by a ministerial guarantee.	<b>150,563</b>	163,451
RBC mortgage bearing interest at 2.45% payable in monthly instalments of \$2,664, due 2014, secured by a ministerial guarantee.	<b>126,126</b>	152,523
All Nation Trust mortgage bearing interest at 2.65% payable in monthly instalments of \$4,641, due 2017, secured by a ministerial guarantee.	<b>931,200</b>	961,810
	<b>2,382,554</b>	2,522,757

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal	Interest	Total
2015	148,521	68,088	216,609
2016	153,086	63,523	216,609
2017	157,805	58,803	216,608
2018	162,450	54,159	216,609
2019	132,967	49,301	182,268
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	754,829	293,874	1,048,703

Interest on long-term debt amounted to \$76,431 (2013 - \$75,802).

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**11. Tangible capital assets**

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2014 Net book value</b>
Buildings	735,909	-	-	471,200	264,709
Band housing	2,462,685	-	-	1,919,295	543,390
Social housing	3,920,830	-	-	2,094,860	1,825,970
Furniture and equipment	41,899	-	-	21,108	20,791
Infrastructure	2,776,739	-	-	1,837,108	939,631
Land	240,610	-	-	-	240,610
Cultural centre	389,814	-	-	252,731	137,083
Farm equipment	441,250	-	-	401,510	39,740
Vehicles	196,806	-	-	196,806	-
Building under construction	486,381	1,880,285	-	-	2,366,666
	<b>11,692,923</b>	<b>1,880,285</b>	<b>-</b>	<b>7,194,618</b>	<b>6,378,590</b>

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2013 Net book value</b>
Buildings	735,911	-	-	434,404	301,507
Band housing	2,462,685	-	-	1,854,136	608,549
Social housing	3,920,830	-	-	1,906,895	2,013,935
Furniture and equipment	29,781	12,117	-	12,728	29,170
Infrastructure	2,268,514	508,225	-	1,766,664	1,010,075
Land	136,500	104,110	-	-	240,610
Cultural centre	389,814	-	-	237,138	152,676
Farm equipment	466,750	-	25,500	383,785	57,465
Vehicles	196,806	-	-	184,566	12,240
Building under construction	-	486,382	-	-	486,382
	<b>10,607,591</b>	<b>1,110,834</b>	<b>25,500</b>	<b>6,780,316</b>	<b>4,912,609</b>

Amortization expense of \$414,302 (2013 - \$465,309) was recorded, comprised of:

Furniture and equipment:	\$8,378 (2013 - \$7,168)
Cultural centre:	\$15,593 (2013 - \$15,592)
Buildings:	\$36,795 (2013 - \$36,795)
Infrastructure:	\$70,444 (2013 - \$70,444)
Farm equipment:	\$17,725 (2013 - \$17,723)
Vehicles:	\$12,240 (2013 - \$56,386)
Social housing:	\$187,965 (2013 - \$196,042)
Band housing:	\$65,159 (2013 - \$65,159)

The allocation of amortization to specific funds is disclosed in the supporting schedules below.

Included in Building under construction is \$2,366,666 (2013 - \$486,382) related to the renovations of a new administration building, and \$16,091 (2013 - \$nil) related to the construction of a new community skating rink. Both assets are expected to be substantially completed in the fiscal year ended March 31, 2015.

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**12. Equity in tangible capital assets**

	<b>2014</b>	2013
Tangible capital assets (Note 11)	<b>13,573,208</b>	11,692,923
Accumulated amortization (Note 11)	<b>(7,194,618)</b>	(6,780,316)
<u>Long-term debt (Note 10)</u>	<b>(2,382,554)</b>	(2,522,757)
	<b>3,996,036</b>	2,389,850

**13. Accumulated operating surplus**

Accumulated operating surplus consists of the following:

	<b>2014</b>	2013
General Fund		
Balance, beginning of year	521,798	525,879
Excess of revenue over expenses	256,677	780,393
Tangible capital asset additions	<b>(1,880,285)</b>	(1,110,834)
Amortization expense	<b>414,302</b>	465,309
Repayment of long-term debt	<b>(140,203)</b>	(138,949)
Tangible capital asset disposal - cost	-	25,500
Tangible capital asset disposal - accumulated amortization	-	(25,500)
	<b>(827,711)</b>	521,798
CMHC replacement reserve fund		
Balance, beginning of year	51,344	129,455
Excess revenue over expenses	<b>(76,534)</b>	(78,111)
	<b>(25,190)</b>	51,344
Trust Funds		
Balance, beginning of year	2,297,024	2,240,734
Excess revenue over expenses	<b>541,599</b>	56,290
	<b>2,838,623</b>	2,297,024
Investments in businesses		
Balance, beginning of year	258,135	749,120
Excess revenue over expenses	<b>623,453</b>	(490,985)
	<b>881,588</b>	258,135
Equity in tangible capital assets		
Balance, beginning of year	2,389,850	1,605,376
Tangible capital asset additions	<b>1,880,285</b>	1,110,834
Amortization expense	<b>(414,302)</b>	(465,309)
Repayment of long-term debt	<b>140,203</b>	138,949
Tangible capital asset disposal - cost	-	(25,500)
Tangible capital asset disposal - accumulated amortization	-	25,500
	<b>3,996,036</b>	2,389,850
	<b>6,863,346</b>	5,518,151

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
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**14. Replacement reserve**

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- A replacement reserve, established by an annual allocation of \$17,831, to ensure replacement of buildings financed by CMHC. At March 31, 2014, \$371,234 (2013 - \$353,853) has been set aside to fund this reserve.

In accordance with terms of the agreements, CMHC reserve moneys must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

**15. Related party transactions**

As at year end, an amount of \$75,376 (2013 - \$40,185) was equity contributed from the investment in Six Nation Ventures Limited Partnership. Cumulative advances bear no interest, have no fixed terms of repayment, are unsecured and due on demand.

As at year end, an amount of \$461,931 (2013 - \$(539,557)) as equity contributed from the investment in Halfway River Ventures Ltd.. Cumulative advances bear no interest, have no fixed terms of repayment, are unsecured and due on demand

During the year, transactions with Halfway River Ventures Ltd. included:

Management fees of \$ (2013 - \$484,680)

Proceeds of \$nil (2013 - \$11,000) were received related to the disposal of a piece of equipment

Rental income of \$ (2013 - \$36,000) included in other revenue

These transactions were conducted in the normal course of operations and were measured at the exchange value, which is the amount of consideration agreed to by the related parties.

**16. Economic dependence**

Halfway River First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**17. Comparative figures**

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

**18. Budget information**

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.

**19. Receipt and expenditures of trust monies**

	<i>Balance, beginning of the year</i>	<i>Trust funds received</i>	<i>Trust funds expended</i>	<i>Balance, end of year</i>
Capital trust monies	1,598,214	83,610	-	1,681,824
Revenue trust monies	570,698	106,140	-	676,838
	<b>2,168,912</b>	<b>189,750</b>	<b>-</b>	<b>2,358,662</b>

**Halfway River First Nation**  
**Notes to the Consolidated Financial Statements**  
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**20. Other revenues**

	<b>2014</b>	<b>2013</b>
Administration fee	45,234	38,033
Reimbursement revenue	19,753	15,972
Interest income	105,800	69,956
Donations	378,266	307,719
Insurance proceeds	-	269
Miscellaneous	1,105,659	390,530
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	1,654,712	822,479