

Halfway River First Nation
Consolidated Financial Statements
March 31, 2016

Halfway River First Nation

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For the year ended March 31, 2016

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Management's Responsibility

To the Members of Halfway River First Nation:

The accompanying consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

The Halfway River First Nation's Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council are also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Chief and Council to audit the consolidated 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 Chief and Council and management to discuss their audit findings.

September 6, 2016



Band Manager

Independent Auditors' Report

To the Members of Halfway River First Nation:

We have audited the accompanying consolidated financial statements of Halfway River First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, changes 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 of these entities in 2016 of \$1,924,677 enters into the determination of the results from operations and the valuation of investments shown in the consolidated 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 from investment in Nation business entities, statement of operations and accumulated surplus.

As explained in Note 13, the Nation has not disclosed the budget information as required by Canadian Public Sector Accounting Standards.

Qualified Opinion

In our opinion, except for the effects of the matter 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, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Comparative figures were audited by another firm of public accountants and were issued with a qualified opinion on November 10, 2015.

Surrey, British Columbia

September 6, 2016

MNP LLP

Chartered Professional Accountants

Halfway River First Nation

Consolidated Statement of Financial Position

As at March 31, 2016

	2016	2015 <i>Restated Note 17</i>
Financial assets		
Cash (Note 3)	1,731,508	1,961,872
Accounts receivable (Note 4)	756,444	957,027
Portfolio investments	380,361	378,985
Investment in Nation partnerships and business entities (Note 5)	3,890,535	1,889,510
Funds held in trust (Note 6)	7,259,022	3,693,221
Total of financial assets	14,017,870	8,880,615
Financial Liabilities		
Accounts payable and accruals (Note 7)	457,658	518,012
Deferred revenue (Note 8)	4,344,647	1,849,448
Indigenous and Northern Affairs Canada debt (Note 9)	3,410,482	3,410,482
Long-term debt (Note 10)	2,073,392	2,230,712
Total of financial liabilities	10,286,179	8,008,654
Net financial assets	3,731,691	871,961
Contingent liabilities (Note 11)		
Non-financial assets		
Tangible capital assets (Note 15) (Schedule 1)	8,227,530	7,246,061
Prepaid expenses	32,222	-
Total non-financial assets	8,259,752	7,246,061
Accumulated surplus (Note 12)	11,991,443	8,118,022

Approved on behalf of Chief and Council:

Chief

Councillor

Halfway River First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	2016 Budget	2016	<i>2015 Restated Note 17</i>
Revenue				
Indigenous and Northern Affairs Canada (INAC)	-	826,201		1,183,211
First Nations Health Authority (FNHA)	-	352,527		365,920
Canada Mortgage and Housing Corporation (CMHC)	-	110,051		103,866
Province of British Columbia	-	1,312,480		280,000
Other revenue	-	294,891		1,043,796
Oil and gas, mining and gravel revenue	-	1,185,261		1,754,900
Monitors	-	646,528		665,789
MOU revenue	-	2,337,175		1,626,735
Rental income	-	292,049		229,401
Interest income	-	86,894		50,565
Donations	-	99,030		669,937
Other Aboriginal groups	-	52,773		10,324
Earnings from investment in Nation business entities	-	1,924,677		518,340
Deferred revenue - prior year	-	1,037,940		904,740
Deferred revenue - current year	-	(623,215)		(1,777,132)
		-	9,935,262	7,630,392
Expenses				
Administration	3	-	971,032	1,098,410
Education	4	-	289,207	297,365
Nation Businesses	5	-	174,497	128,037
Health	6	-	447,035	447,797
Housing	7	-	700,206	562,614
Lands	8	-	2,080,235	1,769,530
Social Assistance	9	-	299,612	293,603
Operations & Maintenance	10	-	463,405	662,230
Treaties and Claims	11	-	242,604	265,426
Community Activities	12	-	371,249	291,224
Child and Family Development	13	-	22,759	65,000
		-	6,061,841	5,881,236
Surplus		-	3,873,421	1,749,156
Accumulated surplus, beginning of year		8,118,022	8,118,022	6,368,866
Accumulated surplus, end of year		8,118,022	11,991,443	8,118,022

The accompanying notes are an integral part of these financial statements

Halfway River First Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2016

	2016 Budget	2016	2015 Restated Note 17
Annual surplus	-	3,873,421	1,749,156
Purchases of tangible capital assets	-	(1,606,097)	(1,350,328)
Amortization of tangible capital assets	-	624,628	482,857
Acquisition of prepaid expenses	-	(32,222)	-
Increase in net financial assets	-	2,859,730	881,685
Net financial assets (net debt), beginning of year	871,961	871,961	(9,724)
Net financial assets, end of year	871,961	3,731,691	871,961

Halfway River First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015 <i>Restated Note 17</i>
Cash provided by (used for) the following activities		
Operating activities		
Surplus	3,873,421	1,749,156
Non-cash items		
Amortization	624,628	482,857
Earnings from investment in Nation business entities	(1,924,677)	(518,340)
	2,573,372	1,713,673
Changes in working capital accounts		
Accounts receivable	200,583	(457,297)
Prepaid expenses	(32,222)	-
Accounts payable and accruals	(60,356)	(625,448)
Deferred revenue	2,495,200	902,392
	5,176,577	1,533,320
Financing activities		
Repayment of long-term debt	(157,320)	(151,842)
Advances from Indigenous and Northern Affairs Canada	-	160,227
	(157,320)	8,385
Capital activities		
Purchases of tangible capital assets	(1,606,097)	(1,350,328)
Investing activities		
Advances to related Nation entities	(76,347)	-
Repayment of advances to related Nation entities	-	674,408
Increase in portfolio investments	(1,376)	(2,847)
Funds held in trust	(3,565,801)	(837,625)
	(3,643,524)	(166,064)
Increase (decrease) in cash resources	(230,364)	25,313
Cash resources, beginning of year	1,961,872	1,936,559
Cash resources, end of year	1,731,508	1,961,872

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

1. Operations

The Halfway River First Nation (the "First 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. The First Nation is responsible for the well-being of its community and enacts legal policies and programs in the areas of Child and Family Development, Education, Economic Development, Health, Housing, Lands and Social Assistance.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and are consistent with the accounting policies set out by Indigenous and Northern Affairs Canada. Significant aspects of the accounting policies adopted by the Nation are as follows:

Reporting entity

The First Nation reporting entity includes the Nation's government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

Halfway River First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated 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 First Nation. Thus, the First 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 basis include:

- Six Nations Ventures Limited Partnership
- Halfway River Ventures Ltd.
- Halfway River Resources Ltd.
- Halfway River Limited Partnership
- Halfway River Holdings Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become 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.

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.

Portfolio investments

Portfolio investments for which significant influence does not exist are recorded at carrying value.

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 are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Halfway River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contamination site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is account for when the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 assets. Contributed tangible assets are recorded at their fair value at the date of contribution.

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.

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.

	<i>Rate</i>
Buildings	20-25 years
Automotive equipment	3 years
Furniture and equipment	5 years

Long-lived assets

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

The First 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 prices for similar items. Any impairment is included in operations for the year.

Revenue recognition

Government transfers

The First 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured.

Oil and gas royalties are paid in trust to the Government of Canada on behalf of the Halfway River First Nation pursuant to the provision of the Indian Oil and Gas Act and Regulations. This revenue is recognized in the accounts of Halfway River First Nation when reported by the Government of Canada.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

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

Oil and gas company revenues regarding monitoring invoices issued by Halfway River First Nation are recorded as revenue when payment is received.

Segments

The First Nation conducts its business through eleven reportable segments: Administration, Nation Businesses, Operations and Maintenance, Education, Health, Housing, Community Activities, Lands, Social Assistance, Child and Family Development and Treaties & Claims. These operating segments are established by senior management to:

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

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.

3. Cash

Restricted cash of \$203,919 (2015 - \$204,486) represents funded reserves that the Nation has designated for use in CMHC housing projects.

4. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	121,058	-
CMHC subsidy assistance receivable	267,008	252,975
Members	27,362	8,813
Rent receivable	231,695	400,084
Trade and other receivables	291,283	579,954
Allowance for doubtful accounts	(181,962)	(284,799)
	756,444	957,027

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

5. Investments in First Nation partnerships and business entities

The First Nation has investments in the following entities:

			2016	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Business Partnerships – Modified Equity:				
Halfway River Ventures Ltd.	3	958,803	1,356,675	2,315,481
Halfway River Resources Ltd.	3	1,809	-	1,812
Halfway River Holdings Ltd.	3	3,346	(30,953)	(27,604)
Six Nations Ventures Limited Partnership	20	-	394,500	394,520
Halfway River Limited Partnership	1	-	1,206,325	1,206,326
	30	963,958	2,926,547	3,890,535
			2015	
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
First Nation Business Partnerships – Modified Equity:				
Halfway River Ventures Ltd.	3	882,456	655,726	1,538,185
Halfway River Resources Ltd.	3	1,809	-	1,812
Halfway River Holdings Ltd.	3	3,346	(30,953)	(27,604)
Six Nations Ventures Limited Partnership	20	-	377,096	377,116
Halfway River Limited Partnership	1	-	-	1
	30	887,611	1,001,869	1,889,510

The First Nation's investment in Six Nations Ventures Limited Partnership was established for the purposes of operating as a log sort yard on a contract basis and providing contract hauling and janitorial services in the Fort St. John area.

The First Nation's investment in Halfway River Limited Partnership was established for the purposes of carrying on the business of pursuing, on a non-exclusive basis, economic and business opportunities.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Halfway River Ventures Ltd. As at March 31, 2016</i>	<i>Halfway River Resources Ltd. As at March 31, 2016</i>	<i>Halfway River Holdings Ltd. As at March 31, 2016</i>	<i>Six Nations Ventures Limited Partnership As at December 31, 2015</i>
Assets				
Cash	628,382	-	13,541	315,445
Accounts receivable	1,494,309	-	-	120,478
Inventory	138,338	-	-	-
Property, plant and equipment	320,511	-	-	1,253,435
Prepaid expenses	2,024	-	-	27,137
Term deposits	-	-	-	836,083
Other assets	183,063	1,809	-	8,576
Total assets	2,766,627	1,809	13,541	2,561,154
Liabilities				
Accounts payable and accruals	1,252,770	-	3,394	202,801
Other liabilities	-	-	41,096	-
Total liabilities	1,252,770	-	44,490	202,801
Equity	1,513,857	1,809	(30,949)	2,358,353
Total revenue	5,559,931	-	-	1,932,892
Total expenses	4,858,982	-	-	1,771,434
Income	700,949	-	-	161,458

	<i>Halfway River Limited Partnership As at March 31, 2016</i>
Assets	
Cash	1,066,401
Accounts receivable	110,984
Inventory	-
Property, plant and equipment	45,000
Prepaid expenses	-
Term deposits	-
Other assets	-
Total assets	1,222,385
Liabilities	
Accounts payable and accruals	16,060
Other liabilities	-
Total liabilities	16,060
Equity	1,206,325
Total revenue	1,459,623
Total expenses	228,442
Income	1,231,181

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

6. Funds held in trust

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

Funds held in trust consist of capital trust moneys derived from non-renewable resource transactions on the sale of land of other First Nation tangible capital assets, revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

	2016	2015
Capital Trust - INAC		
Balance, beginning of year	1,764,341	1,681,824
Interest	70,785	82,517
Balance, end of year	1,835,126	1,764,341
Revenue Trust - INAC		
Balance, beginning of year	722,678	676,838
Interest	92,960	45,840
Balance, end of year	815,638	722,678
War Chest Trust		
Balance, beginning of year	2,629	57,433
Contributions	62,820	-
Withdrawals	(41,894)	(54,804)
Balance, end of year	23,555	2,629
Treaty Land, Agricultural, Trapline and TransCanada		
Balance, beginning of year	1,203,573	439,519
Contributions	5,733,293	1,275,821
Withdrawals	(2,352,163)	(511,767)
Balance, end of year	4,584,703	1,203,573
	7,259,022	3,693,221

7. Accounts payable and accruals

	2016	2015
Accounts payable and accrued liabilities	219,445	462,509
Payroll and benefits	37,182	45,444
Government agencies payable	19,384	10,059
First Nations Health Authority	32,054	-
Indigenous and Northern Affairs Canada	149,594	-
	457,659	518,012

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

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>Funding deferred</i>	<i>Funding recognized</i>	<i>Balance, end of year</i>
Trust Fund:				
Socio Ec Study #1674	54,000	-	-	54,000
TransCanada Rupert TUS #1537	102,470	-	102,470	-
Site C Dam #1209	72,316	-	38,833	33,483
TransCanada N. Montney MOU #1498	128,743	-	123,915	4,828
TransCanada N. Montney Socio Ec	12,000	-	12,000	-
TransCanada N. Montney TUS	94,998	-	77,226	17,772
Progress Energy MOU	312,307	201,824	-	514,131
TransCanada LNG pipeline	39,427	-	-	39,427
Spectra LNG pipeline	43,669	-	14,747	28,922
Gov't to Gov't negotiations	20,680	-	20,680	-
Agricultural benefits specific claim	49,425	-	49,425	-
Trapline specific claim	31,990	-	31,990	-
TransCanada Prince Rupert Pipeline	241,529	-	52,800	188,729
Gov't to Gov't Equity Benefits Agreement	-	2,902,233	-	2,902,233
Other:				
Canbriam - Community Investment	150,000	-	150,000	-
New Fire Hall	48,000	-	-	48,000
Shell MOU #1534	22,133	-	5,491	16,642
Skating Rink	19,069	-	1,204	17,865
Health - Talisman	49,534	-	-	49,534
Horseshoe Creek Guide #1609	357,158	-	357,158	-
Province of BC - Forestry	-	100,000	5,014	94,986
Province of BC - Wildlife	-	100,000	9,583	90,417
ETA project (NENAS)	-	11,466	-	11,466
INAC NP5A - Post Secondary Student Support	-	56,505	48,814	7,691
Ministry of Child and Family Development	-	60,480	22,759	37,721
Site C Studies	-	150,000	86,301	63,699
Regional Coal Strategic Implementation	-	100,000	-	100,000
Preservation of Culture and Land study	-	39,582	16,481	23,101
	1,849,448	3,722,090	1,226,891	4,344,647

9. Indigenous and Northern Affairs Canada 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 declaration of rights pursuant to Treaty 8, Trapline Registration System and Agricultural Benefits 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 Indigenous and Northern Affairs 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 a liability, as the Council has provided promissory notes to the Government of Canada in 2015 in accordance with the Native Claims Loan Agreement.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

10. Long-term debt

	2016	2015
ANTCO Mortgage bearing interest at 5.25% per annum, repayable in monthly payments of \$1,258 including interest. The loan is secured by Ministerial guarantee. The loan matures on January 1, 2017.	162,783	169,229
RBC Mortgage bearing interest at 2.60% per annum, repayable in monthly payments of \$1,224 including interest. The loan is secured by Ministerial guarantee. The loan matures on January 1, 2021.	180,451	189,659
RBC Mortgage bearing interest at 3.39% per annum, repayable in monthly payments of \$2,015 including interest. The loan is secured by Ministerial guarantee. The loan matures on July 24, 2016.	210,546	227,259
RBC Mortgage bearing interest at 2.41% per annum, repayable in monthly payments of \$277 including interest. The loan is secured by Ministerial guarantee. The loan matures on June 1, 2018.	4,496	7,680
RBC Mortgage bearing interest at 2.45% per annum, repayable in monthly payments of \$2,663 including interest. The loan is secured by Ministerial guarantee. The loan matures on April 1, 2018.	64,861	94,835
ANTCO Mortgage bearing interest at 1.39% per annum, repayable in monthly payments of \$1,550 including interest. The loan is secured by Ministerial guarantee. The loan matures on May 1, 2020.	75,244	92,724
ANTCO Mortgage bearing interest at 1.62% per annum, repayable in monthly payments of \$1,641 including interest. The loan is secured by Ministerial guarantee. The loan matures on February 1, 2022.	111,069	128,986
ANTCO Mortgage bearing interest at 2.26% per annum, repayable in monthly payments of \$2,539 including interest. The loan is secured by Ministerial guarantee. The loan matures on August 1, 2026.	396,687	418,754
ANTCO Mortgage bearing interest at 1.11% per annum, repayable in monthly payments of \$4,018 including interest. The loan is secured by Ministerial guarantee. The loan matures on April 1, 2036.	867,255	901,586
	2,073,392	2,230,712

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

	Principal
2017	691,784
2018	211,126
2019	89,584
2020	88,546
2021	72,737
Thereafter	919,615
Total	2,073,392

Interest on long-term debt amounted to \$60,199 (2015 - \$68,123).

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

11. Contingent liabilities

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

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 INAC. The First Nation's guarantee is itself secured by the related real properties. As at March 31, 2016, the amount of the loans are \$1,515,116 (2015 - \$2,066,757).

12. Accumulated surplus

	2016	2015 <i>Restated Note 17</i>
Externally restricted funded reserves CMHC	203,919	204,486
Trust Funds held by Federal Government	1,835,126	1,764,341
Investment in tangible capital assets	6,154,138	5,015,349
Equity in First Nation business entities	3,890,535	1,889,510
Unrestricted operating deficit	(92,276)	(755,664)
	11,991,442	8,118,022

13. Budget information

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

14. Comparative figures

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

15. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Construction in progress has a carrying value of \$16,091 (2015 - \$16,091). No amortization on this asset has been recorded during the year because it is under construction.

16. Segments

During year, the First Nation had eleven reportable segments listed below. These segments are differentiated by major activities.

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

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

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

Nation Businesses - This segment is comprised of business activities that are performed in the pursuit of economic and business development. This includes community economic development planning and capacity building initiatives pursued to benefit the Nation's community by enhancing employment, income generation activities, use of land and resources, economic infrastructure and business opportunities.

Health - This segment administers the delivery of the health programs and services.

Housing - This segment activities reflect housing rental units and repairs.

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

Social Assistance - 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, and national child benefit reinvestment.

Operations & Maintenance - This segment implements capital projects undertaken by the Nation and maintains community infrastructure. Community infrastructure includes buildings, roads and bridges, fire protection, water and electrical systems and wastewater treatment.

Treaties and Claims - This segment reflects the activities of treaty and claim negotiations which are ongoing with the Government of Canada.

Community Activities - This segment provides community programs and activities which are internally funded.

Child and Family Development - This segment is comprised of programs that promote early childhood development, and culture to children and young families.

17. Correction of an error

During the year, the First Nation determined that that funds advanced from INAC in the prior year related to treaty negotiations were incorrectly reported as revenue rather than an increase in the loan amount. The retroactive application of this correction of an error did not have a material impact on the results of operations and financial condition of the First Nation. For 2015 the impact of this correction has resulted in an increase in Indigenous and Northern Affairs Canada debt of \$160,227 and a decrease in Indigenous and Northern Affairs Canada revenue for a similar amount. For 2016 the impact of this correction has resulted in an decrease in the opening accumulated surplus of \$160,227.

Halfway River First Nation
Schedule 1 - Consolidated Tangible Capital Assets
For the year ended March 31, 2016

	<i>Land</i>	<i>Buildings</i>	<i>Automotive equipment</i>	<i>Furniture and equipment</i>	<i>2016</i>	<i>2015</i>
Cost						
Balance, beginning of year	240,610	13,852,825	196,806	633,296	14,923,537	13,573,208
Acquisition of tangible capital assets	66,590	1,464,157	-	75,350	1,606,097	3,700,904
Disposal of tangible capital assets	-	-	-	-	-	(2,350,575)
Balance, end of year	307,200	15,316,982	196,806	708,646	16,529,634	14,923,537
Accumulated amortization						
Balance, beginning of year	-	7,014,861	196,806	465,809	7,677,476	7,194,619
Annual amortization	-	564,287	-	60,341	624,628	482,857
Balance, end of year	-	7,579,148	196,806	526,150	8,302,104	7,677,476
Net book value of tangible capital assets	307,200	7,737,834	-	182,496	8,227,530	7,246,061
2015 Net book value	240,610	6,837,966	-	167,485	7,246,061	

Halfway River First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016 Budget	2016	2015
Consolidated expenses by object			
Activities	-	138,737	36,053
Administration	-	-	30,567
Advertising	-	12,401	841
Amortization	-	624,628	482,857
Bad debts	-	399,826	15,577
Bank charges and interest	-	8,697	9,631
Contracted services	-	825,524	1,349,473
Elders fees	-	64,065	66,013
Honourarium	-	5,233	71,803
Insurance	-	124,725	95,185
Interest on long-term debt	-	60,199	68,123
Materials	-	14,819	9,203
Office supplies and expenses	-	131,901	196,511
Professional fees	-	709,145	298,928
Repairs and maintenance	-	80,362	51,886
Salaries and benefits	-	1,628,031	1,833,877
Social assistance	-	208,015	187,141
Student expenses	-	134,626	93,127
Supplies	-	120,731	154,773
Telephone	-	53,092	45,704
Training	-	88,319	22,427
Travel	-	362,344	493,919
Tuition	-	8,632	6,094
Utilities	-	203,944	247,018
Vehicle	-	53,845	14,505
	-	6,061,841	5,881,236

Halfway River First Nation
Administration
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada (INAC)	-	305,946	219,726
Other revenue	-	8,314	19,980
Interest income	-	1,881	43,234
Province of British Columbia	-	100,000	50,000
Oil and gas, mining and gravel revenue	-	-	5,600
Deferred revenue - current year	-	-	(20,680)
Deferred revenue - prior year	-	20,680	-
	-	436,821	317,860
Expenses			
Advertising (recoveries)	-	2,065	(555)
Amortization	-	76,914	60,438
Bad debts	-	-	55,061
Bank charges and interest	-	8,208	8,502
Contracted services	-	11,600	102,457
Honourarium	-	1,700	14,000
Insurance (recoveries)	-	(850)	6,680
Office supplies and expenses	-	48,000	18,918
Professional fees	-	173,429	71,951
Salaries and benefits	-	549,004	576,760
Supplies	-	1,909	8,508
Telephone	-	22,852	19,413
Training	-	1,148	-
Travel	-	75,053	154,795
Utilities	-	-	1,482
	-	971,032	1,098,410
Transfers between programs	-	419,864	(3,780)
Deficit	-	(114,347)	(784,330)

Halfway River First Nation
Education

Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada (INAC)	-	179,013	183,531
Other revenue	-	6,762	19,841
Donations	-	5,280	20,169
Other Aboriginal groups	-	52,773	10,324
Deferred revenue - current year	-	(11,466)	-
	-	232,362	233,865
Expenses			
Activities	-	5,214	10,102
Advertising	-	-	1,048
Amortization	-	17,834	14,736
Contracted services	-	668	13,911
Honourarium	-	-	4,095
Office supplies and expenses	-	4,881	2,782
Salaries and benefits	-	68,401	85,610
Student expenses	-	134,126	92,227
Supplies	-	19,724	22,573
Telephone	-	1,966	4,014
Training	-	-	11,145
Travel	-	17,157	32,397
Tuition	-	8,632	2,094
Vehicle	-	10,604	631
	-	289,207	297,365
Transfers between programs	-	4,000	10,457
Deficit	-	(52,845)	(53,043)

Halfway River First Nation
Nation Businesses
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Other revenue	-	98,268	59,479
Donations	-	600	2,500
Earnings from investment in Nation business entities	-	1,924,677	518,340
	-	2,023,545	580,319
Expenses			
Activities	-	-	1,320
Amortization	-	58,008	17,686
Contracted services	-	625	54,943
Elders fees	-	39,300	47,161
Insurance	-	24,576	1,228
Office supplies and expenses	-	-	1,197
Professional fees (recoveries)	-	142	(2,088)
Repairs and maintenance	-	7,184	280
Salaries and benefits	-	3,724	2,131
Supplies	-	10,020	1,985
Travel	-	1,900	266
Utilities	-	28,984	1,595
Vehicle	-	34	333
	-	174,497	128,037
Transfers between programs	-	64,659	31,858
Surplus	-	1,913,707	484,140

Halfway River First Nation
Health

Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
First Nations Health Authority (FNHA)	-	352,527	365,920
Other revenue	-	-	4,110
	-	352,527	370,030
Expenses			
Activities	-	20,455	7,802
Advertising	-	1,256	-
Amortization	-	43,122	32,517
Bank charges and interest	-	-	11
Contracted services	-	21,423	10,524
Elders fees	-	24,765	-
Honourarium	-	623	850
Insurance	-	2,550	6,408
Materials	-	159	382
Office supplies and expenses	-	2,372	1,509
Repairs and maintenance	-	1,347	917
Salaries and benefits	-	165,784	179,062
Supplies	-	21,414	38,969
Telephone	-	10,612	8,390
Travel	-	113,701	149,479
Utilities	-	7,347	10,657
Vehicle	-	10,105	320
	-	447,035	447,797
Deficit	-	(94,508)	(77,767)

Halfway River First Nation
Housing

Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Canada Mortgage and Housing Corporation (CMHC)	-	110,051	103,866
Rental income	-	291,849	226,866
Interest income	-	1,008	2,283
	-	402,908	333,015
Expenses			
Amortization	-	244,343	201,891
Bad debts	-	148,617	(39,483)
Bank charges and interest	-	34	46
Contracted services	-	52,723	70,751
Insurance	-	61,736	61,191
Interest on long-term debt	-	60,199	68,123
Materials	-	14,352	8,435
Office supplies and expenses	-	782	1,913
Professional fees	-	4,650	-
Repairs and maintenance	-	46,449	32,183
Salaries and benefits	-	17,283	58,146
Supplies	-	2,980	17,000
Telephone	-	591	628
Training	-	-	3,190
Travel	-	3,867	6,979
Utilities	-	41,600	71,621
	-	700,206	562,614
Deficit	-	(297,298)	(229,599)

Halfway River First Nation
Lands

Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada (INAC)	-	2,398	151,570
Other revenue	-	176,142	800,140
Oil and gas, mining and gravel revenue	-	1,185,261	1,739,893
Interest income	-	79,271	13
Province of British Columbia	-	1,152,000	165,000
Deferred revenue - prior year	-	934,641	569,836
Donations	-	10,000	296,000
Deferred revenue - current year	-	(574,028)	(1,607,968)
Monitors	-	646,528	665,789
MOU revenue	-	2,337,175	1,626,735
	-	5,949,388	4,407,008
Expenses			
Activities	-	18,903	13,632
Advertising	-	7,745	-
Amortization	-	35,668	29,472
Bad debts	-	251,209	-
Bank charges and interest	-	104	311
Contracted services	-	590,587	831,460
Honourarium	-	2,910	48,858
Insurance	-	-	278
Materials	-	-	25
Office supplies and expenses	-	45,270	116,317
Professional fees (recoveries)	-	314,545	(28,149)
Salaries and benefits	-	614,228	636,962
Student expenses	-	500	900
Supplies	-	2,541	8,695
Telephone	-	6,136	4,444
Training	-	67,041	5,395
Travel	-	110,240	99,666
Utilities	-	-	1,105
Vehicle	-	12,608	159
	-	2,080,235	1,769,530
Transfers between programs	-	(2,465,967)	(109,596)
Surplus	-	1,403,186	2,527,882

Halfway River First Nation
Social Assistance
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada (INAC)	-	199,464	279,523
Other revenue	-	525	1,225
Donations	-	2,000	8,300
	-	201,989	289,048
Expenses			
Activities	-	11,886	-
Amortization	-	27,033	22,336
Contracted services	-	-	70
Elders fees	-	-	18,851
Office supplies and expenses	-	1,558	300
Salaries and benefits	-	75,264	39,193
Social assistance	-	161,681	185,125
Supplies	-	6,989	5,701
Telephone	-	8,752	537
Travel	-	6,134	14,042
Utilities	-	315	7,384
Vehicle	-	-	64
	-	299,612	293,603
Transfers between programs	-	24,592	-
Deficit	-	(73,031)	(4,555)

Halfway River First Nation
Operations & Maintenance
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada (INAC)	-	147,070	348,861
Other revenue	-	1,000	4,924
Rental income	-	200	2,535
Oil and gas, mining and gravel revenue	-	-	2,407
Deferred revenue - prior year	-	1,204	74,021
Deferred revenue - current year	-	-	(67,069)
Donations	-	-	276,560
	-	149,474	642,239
Expenses			
Amortization	-	121,705	103,781
Bank charges and interest	-	4	2
Contracted services	-	103,055	244,350
Honourarium	-	-	1,000
Insurance	-	28,281	14,215
Materials	-	309	361
Office supplies and expenses (recoveries)	-	(15)	1,909
Repairs and maintenance	-	25,266	18,806
Salaries and benefits	-	106,517	163,706
Supplies	-	6,448	25,581
Telephone	-	887	7,626
Travel	-	5,113	11,291
Utilities	-	62,643	69,230
Vehicle	-	3,192	372
	-	463,405	662,230
Transfers between programs	-	-	(1,340,295)
Deficit	-	(313,931)	(1,360,286)

Halfway River First Nation
Treaties and Claims
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015 Restated Note 17
Revenue			
Other revenue	-	-	26,300
Interest income	-	3,136	5,036
Deferred revenue - prior year	-	81,415	260,883
Deferred revenue - current year	-	-	(81,415)
	-	84,551	210,804
Expenses			
Bank charges and interest	-	210	121
Contracted services	-	24,529	140
Office supplies and expenses	-	222	-
Professional fees	-	216,379	257,214
Travel	-	1,264	7,951
	-	242,604	265,426
Deficit	-	(158,053)	(54,622)

Halfway River First Nation
Community Activities
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Other revenue	-	3,881	107,797
Oil and gas, mining and gravel revenue	-	-	7,000
Interest income	-	1,598	-
Donations	-	81,150	66,408
	-	86,629	181,205
Expenses			
Activities	-	82,279	1,052
Administration	-	-	30,567
Advertising	-	1,335	348
Bank charges and interest	-	137	639
Contracted services	-	20,315	19,993
Honourarium	-	-	3,000
Insurance	-	8,432	5,185
Office supplies and expenses	-	28,830	51,665
Repairs and maintenance (recoveries)	-	116	(300)
Salaries and benefits	-	15,053	49,085
Social assistance	-	43,383	1,048
Supplies	-	48,706	20,639
Training	-	20,131	-
Travel	-	22,176	11,731
Utilities	-	63,055	83,946
Vehicle	-	17,301	12,626
	-	371,249	291,224
Transfers between programs	-	284,667	63,229
Surplus (deficit)	-	47	(46,790)

Halfway River First Nation
Child and Family Development
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Province of British Columbia	-	60,480	65,000
Deferred revenue - current year	-	(37,721)	-
	-	22,759	65,000
Expenses			
Activities	-	-	2,144
Contracted services	-	-	874
Salaries and benefits	-	12,775	43,221
Social assistance	-	2,951	967
Supplies	-	-	5,123
Telephone	-	1,295	653
Training	-	-	2,697
Travel	-	5,738	5,321
Tuition	-	-	4,000
	-	22,759	65,000
Surplus	-	-	-