

Halfway River First Nation
Consolidated Financial Statements
March 31, 2017

Halfway River First Nation

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For the year ended March 31, 2017

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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.

October 2, 2017

Signature on File Band Manager

Independent Auditors' Report

To the Members 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, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules 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

As explained in Note 14, 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, 2017 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.

Surrey, British Columbia

October 2, 2017

MNP LLP

Chartered Professional Accountants

Halfway River First Nation

Consolidated Statement of Financial Position

As at March 31, 2017

	2017	2016 <i>Restated</i> (Note 16)
Financial assets		
Cash resources (Note 3)	4,120,989	3,437,532
Accounts receivable (Note 4)	459,760	756,444
Portfolio investments	-	380,361
Investment in Nation partnerships and business entities (Note 5)	6,016,437	3,890,535
Trust funds held by Federal Government (Note 6)	2,906,747	2,650,764
Total of financial assets	13,503,933	11,115,636
Financial Liabilities		
Accounts payable and accruals (Note 8)	563,116	457,655
Deferred revenue (Note 9)	1,357,742	1,442,414
Promissory notes payable (Note 10)	3,599,014	3,410,482
Long-term debt (Note 11)	1,907,549	2,073,392
Total of financial liabilities	7,427,421	7,383,943
Net financial assets	6,076,512	3,731,693
Contingent liabilities (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	9,190,979	8,227,530
Prepaid expenses	-	32,222
Total non-financial assets	9,190,979	8,259,752
Accumulated surplus (Note 13)	15,267,491	11,991,445
Approved on behalf of the Council		
Signature on File _____	Councilor	Signature on File _____
		Councilor

Halfway River First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016 (Restated)</i>
Revenue				
Indigenous and Northern Affairs Canada (INAC)		-	856,766	907,616
First Nations Health Authority (FNHA)		-	486,112	352,527
Canada Mortgage and Housing Corporation (CMHC)		-	117,696	110,051
Province of British Columbia		-	1,829,005	986,934
Other revenue		-	1,042,180	1,139,421
Oil and gas, mining and gravel revenue		-	921,177	1,185,261
Industry agreement revenue		-	2,198,356	2,850,803
Rental income		-	334,233	292,049
Interest income		-	88,569	86,894
Donations		-	115,692	99,030
Earnings from investment in Nation business entities		-	2,151,379	1,924,677
		-	10,141,165	9,935,263
Expenses				
Administration	3	-	905,937	971,032
Education	4	-	399,531	289,207
Nation Businesses	5	-	201,634	174,497
Health	6	-	529,399	447,034
Housing	7	-	602,997	700,206
Lands	8	-	2,494,997	2,080,235
Social Assistance	9	-	258,175	299,612
Operations & Maintenance	10	-	559,866	463,405
Treaties and Claims	11	-	281,884	242,604
Community Activities	12	-	531,255	371,249
Child and Family Development	13	-	99,444	22,759
		-	6,865,119	6,061,840
Surplus		-	3,276,046	3,873,423
Accumulated surplus, beginning of year		11,991,445	11,991,445	8,118,022
Accumulated surplus, end of year		11,991,445	15,267,491	11,991,445

Halfway River First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2017

	<i>2017</i> <i>Budget</i>	<i>2017</i>	<i>2016</i> <i>(Restated)</i>
Annual surplus	-	3,276,046	3,873,423
Purchases of tangible capital assets	-	(1,647,221)	(1,606,097)
Amortization of tangible capital assets	-	683,772	624,628
Acquisition of prepaid expenses	-	-	(32,222)
Use of prepaid expenses	-	32,222	-
Increase in net financial assets	-	2,344,819	2,859,732
Net financial assets, beginning of year	3,731,693	3,731,693	871,961
Net financial assets, end of year	3,731,693	6,076,512	3,731,693

Halfway River First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Surplus	3,276,046	3,873,423
Non-cash items		
Amortization	683,772	624,628
Earnings from investment in Nation business entities	(2,151,379)	(1,924,677)
	1,808,439	2,573,374
Changes in working capital accounts		
Accounts receivable	296,684	200,583
Prepaid expenses	32,220	(32,222)
Accounts payable and accruals	105,463	(60,360)
Deferred revenue	(84,672)	(407,033)
	2,158,134	2,274,342
Financing activities		
Repayment of long-term debt	(165,843)	(157,320)
Advances from promissory notes payable	188,532	-
	22,689	(157,320)
Capital activities		
Purchases of tangible capital assets	(1,647,221)	(1,606,097)
Investing activities		
Advances to (repayments from) related Nation entities	25,477	(76,347)
Decrease (increase) in portfolio investments	380,361	(1,376)
Increase in funds held by Federal Government	(255,983)	(3,565,801)
	149,855	(3,643,524)
Increase (decrease) in cash resources	683,457	(3,132,599)
Cash resources, beginning of year	3,437,532	6,570,131
Cash resources, end of year	4,120,989	3,437,532

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

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. 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. 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.

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.

Cash resources

Cash resources include cash and term deposit securities with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash as disclosed in *Note 3*.

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.

Halfway River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

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.

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

	Rate
Buildings	20-25 years
Automotive equipment	3 years
Furniture and equipment	5 years

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

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.

Net financial assets

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

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 consolidated statement of financial position in the year of receipt.

Government transfers

The First Nation recognizes a government transfer, including Indigenous and Northern Affairs Canada, First Nations Health Authority, and Province of British Columbia, 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.

Funds held in trust

The First Nation recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

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

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.

Oil and gas company revenues regarding monitoring invoices issued by Halfway River First Nation are recorded when the amounts to be received can be reasonably estimated and collections are reasonably assured.

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.

Measurement uncertainty (Use of estimates)

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. Amounts due from First Nation members and investments in First Nation business entities are stated after evaluation as to their collectability and recoverability and an appropriate allowance for impairment is provided where considered necessary. Deferred revenue is based upon estimates of unexpended amounts and amounts required to complete specific projects. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the periods in which they become known.

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, 2017.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted 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. As at March 31, 2017 no liability for contaminated sites exists.

Funds held in Ottawa Trust Fund

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

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

Segments

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

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

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

- 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 judgments 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 as disclosed above.

3. Cash resources

	2017	2016
Externally restricted	2,994,733	2,596,331
Unrestricted	1,126,256	841,201
	4,120,989	3,437,532

Externally restricted cash resources consist of funded housing reserves and funds held in the trust by a lawyer. The funds held in the trust by a lawyer are released as certain agreements or conditions are met and reports are submitted for approval.

4. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada	101,276	121,058
Canada Mortgage and Housing Corporation	7,769	267,008
First Nations Health Authority	1,000	-
Members	42,887	27,362
Rent receivable	388,698	231,695
Trade and other receivables	401,156	291,283
Allowance for doubtful accounts	(483,026)	(181,962)
	459,760	756,444

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

5. Investments in First Nation partnerships and business entities

The First Nation has investments in the following entities:

			<i>2017</i>
	<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	933,326	1,815,888
Halfway River Resources Ltd.	3	1,809	-
Halfway River Holdings Ltd.	3	3,346	(30,953)
Six Nations Ventures Limited Partnership	20	-	404,436
Halfway River Limited Partnership	1	-	2,888,555
	30	938,481	5,077,926
			6,016,437
			<i>2016</i>
	<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
Halfway River Resources Ltd.	3	1,809	-
Halfway River Holdings Ltd.	3	3,346	(30,953)
Six Nations Ventures Limited Partnership	20	-	394,500
Halfway River Limited Partnership	1	-	1,206,325
	30	963,958	2,926,547
			3,890,535

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, 2017

5. Investments in First Nation partnerships and business entities *(Continued from previous page)*

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

	<i>Halfway River Ventures Ltd. As at March 31, 2017</i>	<i>Halfway River Resources Ltd. As at March 31, 2017</i>	<i>Halfway River Holdings Ltd. As at March 31, 2017</i>	<i>Six Nations Ventures Limited Partnership As at March 31, 2017</i>
Assets				
Cash	706,393	-	13,541	343,755
Accounts receivable	3,090,561	-	-	127,140
Inventory	166,542	-	-	-
Property, plant and equipment	248,895	-	-	1,359,802
Prepaid expenses	3,685	-	-	21,892
Term deposits	-	-	-	636,763
Other assets	346,027	1,809	-	7,290
Total assets	4,562,103	1,809	13,541	2,496,642
Liabilities				
Accounts payable and accruals	1,467,753	-	3,394	79,698
Other liabilities	1,256,422	-	41,096	-
Total liabilities	2,724,175	-	44,490	79,698
Equity	1,837,928	1,809	(30,949)	2,416,944
Total revenue	10,582,869	-	-	1,862,732
Total expenses	10,123,656	-	-	1,803,117
Income	459,213	-	-	59,615
	<i>Halfway River Limited Partnership As at March 31, 2017</i>			
Assets				
Cash	2,633,069			
Accounts receivable	314,759			
Inventory	-			
Property, plant and equipment	38,250			
Prepaid expenses	-			
Term deposits	-			
Other assets	-			
Total assets	2,986,078			
Liabilities				
Accounts payable and accruals	31,175			
Other liabilities	8,988			
Total liabilities	40,163			
Equity	2,945,915			
Total revenue	1,913,111			
Total expenses	230,881			
Income	1,682,230			

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

6. Trust funds held by Federal Government

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.

	2017	2016
Capital Trust		
Balance, beginning of year	1,835,126	1,764,341
Oil and gas well royalties revenue	11,880	70,785
Gravel revenue	175,748	-
Balance, end of year	2,022,754	1,835,126
Revenue Trust		
Balance, beginning of year	815,638	722,678
Oil and gas well royalties revenue	14,184	14,184
Interest	54,171	78,776
Balance, end of year	883,993	815,638
	2,906,747	2,650,764

7. Trust funds held by third party

The Province of British Columbia funded \$5,800,000 to the First Nation. These funds will be held in trust until the escrow agreement is finalized with a financial institution at which point the funds will be transferred and administered in accordance with that agreement.

8. Accounts payable and accruals

	2017	2016
Trade accounts payable and accrued liabilities	481,568	276,007
First Nations Health Authority	5,000	32,054
Indigenous and Northern Affairs Canada	76,548	149,594
	563,116	457,655

9. Deferred revenue

	<i>Balance, beginning of year</i>	<i>Contribution received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Indigenous and Northern Affairs Canada (INAC)	7,690	224,433	73,248	158,875
Other	1,434,724	1,293,000	1,528,857	1,198,867
	1,442,414	1,517,433	1,602,105	1,357,742

Other deferred revenue consists of funds received for various industry agreements. The First Nation recognizes as revenue in the period the resources are used for the purpose specified in accordance with an agreement.

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

10. Promissory notes payable

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. The first note of \$2,927,071 is non-interest bearing, unsecured and is due on the earlier of March 31, 2021 or date on which the Specified Claim is settled. The second note of \$396,614 is non-interest bearing, unsecured and is due on the earlier of March 31, 2021 or date on which the Specified Claim is settled. The third note of \$275,329 is non-interest bearing, unsecured and is due on the earlier of March 31, 2021 or date on which the Specified Claim is settled.

11. Long-term debt

	2017	2016
ANTCO Mortgage bearing interest at 4.74% per annum, repayable in monthly payments of \$1,218 including interest. The loan is secured by Ministerial guarantee. The loan matures on February 1, 2032.	155,978	162,783
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.	170,334	180,451
RBC Mortgage bearing interest at 2.29% per annum, repayable in monthly payments of \$1,911 including interest. The loan is secured by Ministerial guarantee. The loan matures on May 24, 2021.	192,607	210,546
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.	1,235	4,496
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.	34,145	64,861
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.	57,578	75,244
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.	93,031	111,069
ANTCO Mortgage bearing interest at 1.05% per annum, repayable in monthly payments of \$2,328 including interest. The loan is secured by Ministerial guarantee. The loan matures on August 1, 2026.	373,705	396,687
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.	828,936	867,255
	1,907,549	2,073,392

Halfway River First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

11. Long-term debt *(Continued from previous page)*

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
2018	168,763
2019	141,037
2020	140,719
2021	127,533
2022	125,040
Thereafter	1,204,457
Total	1,907,549

Interest on long-term debt amounted to \$38,288 (2016 - \$60,199).

12. 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.

The balance outstanding as at March 31, 2017 is \$1,903,023.

13. Accumulated surplus

	2017	2016 <i>(Restated)</i>
Restricted cash	2,994,733	2,596,331
Trust Funds held by Federal Government - capital trust	2,022,754	1,835,126
Investment in tangible capital assets	7,283,430	6,154,138
Investment in Nation partnership and business entities	6,016,437	3,890,535
Unrestricted operating deficit	(3,049,863)	(2,484,685)
	15,267,491	11,991,445

14. 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.

15. Pension

The Band provides a defined contribution pension plan covering substantially all full-time employees. Members are required to contribute 5.5% of their salary up to a maximum of 18.0% (2016 - 5.5%-18.0%). The Band contributes 5.5% (2016 - 5.5%) and the contributions are directed to the member's contribution account. During the year, the Band contributed \$92,841 (2016 - \$98,108).

16. Comparative figures

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

17. Correction of an error

During the year, information became available regarding the treatment of restricted cash. For 2016, the impact of this correction has resulted in a decrease of cash and deferred revenue by the amount of \$2,902,233.

18. 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.

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, 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.