

**HALALT FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2016**

**HALALT FIRST NATION**  
**Index to Consolidated Financial Statements**  
**March 31, 2016**

---

|  | Page(s)  |
|--|----------|
| <b>MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS</b> | 1        |
| <b>INDEPENDENT AUDITOR'S REPORT</b>  | 2        |
| <br><b>STATEMENTS</b>  |          |
| Consolidated Statement of Financial Position                                 | 3        |
| Consolidated Statement of Operations   | 4        |
| Consolidated Statement of Changes in Net Financial Assets (Net Debt)         | 5        |
| Consolidated Statement of Cash Flows   | 6        |
| <br><b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>                        | <br>7-16 |

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, Lee & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Halalt First Nation and meet when required.

On behalf of Halalt First Nation:



Chief



Councillor



Councillor



Councillor

August 17, 2016



---

---

**INDEPENDENT AUDITOR'S REPORT**

---

**TO THE MEMBERS OF HALALT FIRST NATION**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of HALALT FIRST NATION which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**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 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 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 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 financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of HALALT FIRST NATION as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, BC  
August 17, 2016

**HALALT FIRST NATION**  
**Consolidated Statement of Financial Position**  
**March 31, 2016**

|   | <b>2016</b>        | <b>2015</b>        |
|---|--------------------|--------------------|
| <b>FINANCIAL ASSETS</b>                       |                    |                    |
| Cash (Note 2)                                 | 171,996            | 634,035            |
| Ottawa Trust (Note 4)                         | 44,810             | 43,419             |
| Accounts receivable (Note 3)                  | 654,106            | 407,193            |
| Portfolio investment (Note 5)                 | 5,000              | 5,000              |
|   | <b>875,912</b>     | <b>1,089,647</b>   |
| <b>FINANCIAL LIABILITIES</b>                  |                    |                    |
| Accounts payable (Note 6)                     | 336,507            | 425,816            |
| Deferred capital contributions (Note 7)       | 2,076,409          | 2,170,791          |
| Long-term debts (Note 10)                     | 1,428,731          | 1,520,363          |
|   | <b>3,841,647</b>   | <b>4,116,970</b>   |
| <b>NET FINANCIAL ASSETS (NET DEBT)</b>        | <b>(2,965,735)</b> | <b>(3,027,323)</b> |
| <b>NON-FINANCIAL ASSETS</b>                   |                    |                    |
| Prepaid expenses                              | 19,643             | 13,462             |
| Tangible capital assets (Note 11)             | 4,451,441          | 4,708,670          |
|   | <b>4,471,084</b>   | <b>4,722,132</b>   |
| <b>ACCUMULATED SURPLUS (DEFICIT) (Note 8)</b> | <b>1,505,349</b>   | <b>1,694,809</b>   |
| Contingent liabilities (Note 14)              |                    |                    |

Approved by Chief and Council

James Thomas Chief   Councillor  
  Councillor   Councillor

**HALALT FIRST NATION**  
**Consolidated Statement of Operations**  
**For the year ended March 31, 2016**

|   | <b>Budget<br/>(unaudited)</b> | <b>2016</b>      | <b>2015</b> |
|---|-------------------------------|------------------|-------------|
| <b>REVENUE</b>  |                               |                  |             |
| Federal - INAC  | 1,233,014                     | <b>1,233,014</b> | 1,487,819   |
| Federal - CMHC  | 22,654                        | <b>22,654</b>    | 23,849      |
| Federal - DFO   | 360,000                       | <b>359,458</b>   | 247,162     |
| Federal - Other   | 89,646                        | <b>112,319</b>   | 127,683     |
| Provincial  | 13,000                        | <b>13,662</b>    | 12,500      |
| Rental  | 130,000                       | <b>150,617</b>   | 141,584     |
| Ottawa Trust  | 1,400                         | <b>1,391</b>     | 1,512       |
| Interest  | 6,000                         | <b>6,032</b>     | 6,017       |
| Sales - Shellfish   | 400,000                       | <b>398,818</b>   | 369,178     |
| Other   | 930,000                       | <b>907,861</b>   | 815,688     |
|   | <hr/>                         | <hr/>            | <hr/>       |
|   | 3,185,714                     | <b>3,205,826</b> | 3,232,992   |
| <b>EXPENSES</b>   |                               |                  |             |
| Band  | 265,000                       | <b>303,246</b>   | 589,877     |
| Education and training  | 502,000                       | <b>504,937</b>   | 444,446     |
| Public works  | 320,000                       | <b>424,850</b>   | 106,036     |
| Social housing  | 45,000                        | <b>25,130</b>    | 44,710      |
| Capital projects  | -                             | -                | 30,250      |
| Social services   | 322,000                       | <b>322,988</b>   | 284,806     |
| Land management   | 200,000                       | <b>325,452</b>   | 367,961     |
| Economic development  | 1,480,000                     | <b>1,236,034</b> | 1,063,689   |
| Depreciation  | 230,000                       | <b>252,649</b>   | 234,056     |
|   | <hr/>                         | <hr/>            | <hr/>       |
|   | 3,364,000                     | <b>3,395,286</b> | 3,165,831   |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                               |                               |                  |             |
|   | <b>(178,286)</b>              | <b>(189,460)</b> | 67,161      |
| <b>ACCUMULATED SURPLUS (DEFICIT), at beginning of year</b>    |                               |                  |             |
|   | <b>1,694,809</b>              | 1,561,682        |             |
| Transfers   | <hr/>                         | -                | 65,966      |
| <b>ACCUMULATED SURPLUS (DEFICIT), at end of year (Note 8)</b> |                               |                  |             |
|   | <b>1,505,349</b>              | 1,694,809        |             |

**HALALT FIRST NATION**  
**Consolidated Statement of Changes in Net Financial Assets (Net Debt)**  
**For the year ended March 31, 2016**

|  | <b>2016</b>        | <b>2015</b>   |
|--|--------------------|---------------|
| <b>ANNUAL SURPLUS (DEFICIT)</b>                              | <b>(189,460)</b>   | <b>67,161</b> |
| Tangible capital assets                                      |                    |               |
| Acquisition of tangible capital assets                       | -                  | -             |
| Proceeds on disposal of tangible capital assets              | -                  | -             |
| Amortization of tangible capital assets                      | <b>252,649</b>     | 234,056       |
| Write-downs on tangible capital assets                       | -                  | -             |
| (Gain) loss on disposal of tangible capital assets           | <b>4,580</b>       | -             |
|  | <b>257,229</b>     | 234,056       |
| Assets under construction                                    | -                  | -             |
| Acquisition of prepaid expense                               | <b>(19,643)</b>    | (13,462)      |
| Consumption of supplies inventories                          | -                  | -             |
| Use of prepaid expense                                       | <b>13,462</b>      | 29,110        |
|  | <b>(6,181)</b>     | 15,648        |
| <b>CHANGE IN NET FINANCIAL ASSETS (NET DEBT)</b>             | <b>61,588</b>      | 316,865       |
| <b>NET FINANCIAL ASSETS (NET DEBT), at beginning of year</b> | <b>(3,027,323)</b> | (3,410,154)   |
| <b>Transfers from Reserves</b>                               | <b>-</b>           | 65,966        |
| <b>NET FINANCIAL ASSETS (NET DEBT), at end of year</b>       | <b>(2,965,735)</b> | (3,027,323)   |

**HALALT FIRST NATION**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2016**

|  | <b>2016</b>      | <b>2015</b>    |
|--|------------------|----------------|
| <b>OPERATING ACTIVITIES</b>                        |                  |                |
| Annual surplus (deficit)                           | (189,460)        | 67,161         |
| Items not affecting cash                           |                  |                |
| Amortization of tangible capital assets            | 252,649          | 234,056        |
| (Gain) loss on disposal of tangible capital assets | 4,580            | -              |
| Change in non-cash charges to operations           |                  |                |
| Ottawa Trust                                       | (1,391)          | (1,512)        |
| Accounts receivable                                | (246,912)        | 75,526         |
| GST receivable                                     | -                | 1,530          |
| Prepaid expenses                                   | (6,181)          | 15,648         |
| Accounts payable                                   | (89,310)         | 242,195        |
| Deferred capital contributions                     | (94,382)         | (94,382)       |
| Reserves   | -                | (48,706)       |
|  | <hr/>            | <hr/>          |
|  | (370,407)        | 491,516        |
| <b>CAPITAL TRANSACTIONS</b>                        |                  |                |
| Proceeds on disposal of tangible capital assets    | -                | -              |
| Acquisition of tangible capital assets             | -                | -              |
| Assets under construction                          | -                | -              |
|  | <hr/>            | <hr/>          |
| <b>INVESTING TRANSACTIONS</b>                      |                  |                |
| Long term Investments                              | -                | -              |
|  | <hr/>            | <hr/>          |
| <b>FINANCING TRANSACTIONS</b>                      |                  |                |
| Mortgages payable                                  | (91,632)         | (88,749)       |
| Transfers from Reserves                            | -                | 65,966         |
|  | <hr/>            | <hr/>          |
|  | (91,632)         | (22,783)       |
| <b>INCREASE (DECREASE) IN CASH DURING YEAR</b>     | <b>(462,039)</b> | <b>468,733</b> |
| <b>CASH, at beginning of year</b>                  | <b>634,035</b>   | <b>165,302</b> |
| <b>CASH, at end of year</b>                        | <b>171,996</b>   | <b>634,035</b> |

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of accounting**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**b. Reporting Entity and Principles of Financial Reporting**

These financial statements consolidate the assets, liabilities and results of operations for the following entities, which use accounting principles, which lend themselves to consolidation:

- Halalt First Nation Government Administration
- Halalt First Nation Trusts Fund
- CMHC Housing Program

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by Halalt First Nation and which are dependent on the First Nation for their continuing operations, are consolidated in the consolidated financial statements.

Incorporated business entities, which are owned or controlled by Halalt First Nation and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method.

Investments in non-controlled entities and subject to significant influence are included in the consolidated financial statements using the modified equity method.

Investments in non-controlled entities and not subject to significant influence are recorded at cost. These include:

- Hul'q'umi'num Fisheries Limited Partnership - 20% interest

**c. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

**d. Financial Instruments**

The carrying amounts for accounts receivable, grants receivable and accounts payable and accrued liabilities approximate fair value because of the short-term nature of these instruments.

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e. Investments**

Investments are recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

**f. Tangible capital assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

|                |          |
|----------------|----------|
| Housing        | 4%       |
| Infrastructure | 4%       |
| Social Housing | 20 years |
| Equipment      | 30%      |
| Boats          | 20%      |
| Vehicles       | 15%      |

In the year of acquisition, 50% of the normal amortization is recorded.

**g. Reserve funds**

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation.

**h. Revenue Recognition**

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing that the transfers are authorized, all eligibility criteria have been met by the Nation, and reasonable estimates of the amounts can be made. Government transfers received for which the Nation has not met all eligibility requirements are recorded as revenue. Government transfers include financial transfer agreement payments, band trust revenue payments, contribution arrangements, and other federal and provincial grants.

Grant revenue is recognized in the financial statements as the related expenditures are incurred and when the terms and conditions of the funding are satisfied. Other income is recorded as revenue when earned.

**i. Use of Estimates**

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumption used in estimating provisions for accrued liabilities and estimating the useful lives of tangible capital assets. Actual results could differ from those estimates.

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**2. CASH AND CASH EQUIVALENTS**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Halalt First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund. Cash and cash equivalents is comprised of the following:

|                                | <b>2016</b>    | <b>2015</b>    |
|--------------------------------|----------------|----------------|
| Unrestricted - Operating       | 90,625         | 574,115        |
| Restricted - CMHC Phases 3 & 5 | 76,371         | 59,920         |
| Restricted - CMHC Phases I-III | 5,000          | -              |
|                                | <b>171,996</b> | <b>634,035</b> |

**3. ACCOUNTS RECEIVABLE**

|   | <b>2016</b>    | <b>2015</b>    |
|---|----------------|----------------|
| Federal government                      |                |                |
| Indigenous & Northern Affairs Canada    | 47,315         | 41,670         |
| Other government organizations          | 313,096        | 126,514        |
| Goods and services tax                  | -              | 7,100          |
| Canada Mortgage and Housing Corporation | 1,801          | 2,028          |
|   | <b>362,212</b> | <b>177,312</b> |
| Members                                 | <b>151,247</b> | <b>122,240</b> |
| Other                                   | <b>140,647</b> | <b>107,641</b> |
|   | <b>654,106</b> | <b>407,193</b> |

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**4. OTTAWA TRUST FUNDS**

|         | <b>March 31,<br/>2015</b> | <b>Additions</b> | <b>Withdrawals</b> | <b>March 31,<br/>2016</b> |
|---------|---------------------------|------------------|--------------------|---------------------------|
| Capital | 24,664                    | -                | -                  | 24,664                    |
| Revenue | 18,755                    | 1,391            | -                  | 20,146                    |
|         | <b>43,419</b>             | <b>1,391</b>     | -                  | <b>44,810</b>             |

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

**5. PORTFOLIO INVESTMENT**

|  | <b>2016</b>  | <b>2015</b>  |
|--|--------------|--------------|
| Hul'q'umi'num Fisheries Limited Partnership - 20% interest | <b>5,000</b> | <b>5,000</b> |

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                                       | <b>2016</b>    | <b>2015</b>    |
|---------------------------------------|----------------|----------------|
| Trades payable                        | 260,110        | 283,141        |
| Accrued salaries and benefits payable | 12,579         | 23,142         |
| Indigenous & Northern Affairs Canada  | 9,997          | 21,975         |
| Other accrued liabilities             | <b>53,821</b>  | <b>97,558</b>  |
|                                       | <b>336,507</b> | <b>425,816</b> |

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**7. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent government contributions which were provided to assist in the purchase or construction of tangible capital assets.

The changes in the deferred contributions balance for the year are as follows:

|  | <b>Balance<br/>March 31,<br/>2015</b> | <b>Funding<br/>Received<br/>2016</b> | <b>Revenue<br/>Recognized<br/>2016</b> | <b>Balance<br/>March 31,<br/>2016</b> |
|--|---------------------------------------|--------------------------------------|--|---------------------------------------|
| INAC - Capital Project #8444 Community Waterworks System | 2,170,791                             | -                                    | 94,382                                 | 2,076,409                             |

**8. ACCUMULATED SURPLUS (DEFICIT)**

|   | <b>Operating</b> | <b>Trust</b> | <b>Housing</b> | <b>2016<br/>Total</b> | <b>2015</b> |
|---|------------------|--------------|----------------|-----------------------|-------------|
| Accumulated Surplus (Deficit), at the beginning of year | 1,333,589        | 43,419       | 317,801        | 1,694,809             | 1,561,682   |
| Annual Surplus (Deficit)                                | (192,388)        | 1,391        | 1,537          | (189,460)             | 67,161      |
| Transfers   | -                | -            | -              | -                     | 65,966      |
| Accumulated Surplus (Deficit), at the beginning of year | 1,141,201        | 44,810       | 319,338        | 1,505,349             | 1,694,809   |

**9. TREATY NEGOTIATIONS**

Treaty negotiations for Halalt First Nation are being carried on by the Hul'qumi'num Treaty Group. As at March 31, 2016, the Treaty Group is responsible to repay in excess of \$33,182,748 to the Federal Government for advances made under the treaty process.

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**10. LONG TERM DEBT**

|   | <b>2016</b>             | <b>2015</b>             |
|---|-------------------------|-------------------------|
| All Nations Trust - mortgage repayable at \$906 per month including interest @ 4.31% per annum, maturing January 1, 2028. Secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase I housing units.     | <b>96,949</b>           | 104,322                 |
| All Nations Trust - mortgage repayable at \$554 per month including interest @ 3.16%, maturing June 1, 2033. Secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase II housing units.                 | <b>86,260</b>           | 90,539                  |
| All Nations Trust - mortgage repayable at \$1,199 per month including interest @ 2.40% per annum, maturing October 1, 2035. Secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phase III housing units. | <b>224,423</b>          | 234,144                 |
| CMHC - mortgage repayable at \$2,025 per month including interest @ 1.85%, maturing August 1, 2019. Secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phases 3 & 5 housing units.                      | <b>80,514</b>           | 103,132                 |
| CMHC - mortgage repayable at \$240 per month including interest @ 2.69%, maturing March 1, 2020. Secured by a ministerial guarantee from Indigenous & Northern Affairs Canada and a first mortgage on Phases 3 & 5 housing units.                         | <b>10,874</b>           | 13,493                  |
| Bank of Montreal - mortgage repayable at \$6,442 per month including interest @ 4.03%, maturing June 30, 2018. Secured by Guarantee for On-Reserve Housing Loan Program (ORHLP).  | <b>925,364</b>          | 963,546                 |
| Demand Loan - repayable at \$167 per month plus interest at prime plus 1.00%. Secured by band council resolutions and Chief certificate.  | <b>4,347</b>            | 11,187                  |
|   | <b><u>1,428,731</u></b> | <b><u>1,520,363</u></b> |

Anticipated annual principal repayments over the next five years and thereafter are as follows:

|            |         |
|------------|---------|
| 2016       | 120,000 |
| 2017       | 125,000 |
| 2018       | 130,000 |
| 2019       | 135,100 |
| 2020       | 140,200 |
| Thereafter | 778,431 |

|   | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
| Interest expense for the year on long-term debt | <b>66,619</b> | <b>55,270</b> |

## HALALT FIRST NATION

### Notes to Consolidated Financial Statements

For the year ended March 31, 2016

#### 11. TANGIBLE CAPITAL ASSETS

|                                 | Housing        | Social<br>Housing | Infra-<br>structure | Equipment      | Boats    | Vehicle       | 2016             |                  | 2015      |           |
|---------------------------------|----------------|-------------------|---------------------|----------------|----------|---------------|------------------|------------------|-----------|-----------|
|                                 |                |                   |                     |                |          |               | Total            | Total            | Total     | Total     |
| <b>Cost</b>                     |                |                   |                     |                |          |               |                  |                  |           |           |
| Opening Balance                 | 108,161        | 1,259,116         | 4,237,529           | 125,640        | 9,485    | 57,000        | 5,796,931        | 5,796,931        | 5,796,931 | 5,796,931 |
| Additions                       | -              | -                 | -                   | -              | -        | -             | -                | -                | 69,600    | 69,600    |
| Disposals                       | -              | -                 | -                   | -              | (9,485)  | -             | -                | (9,485)          | (69,600)  | (69,600)  |
| Write-downs                     | -              | -                 | -                   | -              | -        | -             | -                | -                | -         | -         |
| <b>Closing balance</b>          | <b>108,161</b> | <b>1,259,116</b>  | <b>4,237,529</b>    | <b>125,640</b> | <b>-</b> | <b>57,000</b> | <b>5,787,446</b> | <b>5,796,931</b> |           |           |
| <b>Accumulated Amortization</b> |                |                   |                     |                |          |               |                  |                  |           |           |
| Opening Balance                 | 60,700         | 398,787           | 481,217             | 98,946         | 4,905    | 43,706        | 1,088,261        | 1,088,261        | 854,205   | 854,205   |
| Amortization                    | 5,408          | 62,955            | 176,289             | 5,339          | -        | 2,658         | 252,649          | 252,649          | 234,056   | 234,056   |
| Additions                       | -              | -                 | -                   | -              | -        | -             | -                | -                | 23,517    | 23,517    |
| Disposals                       | -              | -                 | -                   | -              | (4,905)  | -             | -                | (4,905)          | (23,517)  | (23,517)  |
| <b>Closing balance</b>          | <b>66,108</b>  | <b>461,742</b>    | <b>657,506</b>      | <b>104,285</b> | <b>-</b> | <b>46,364</b> | <b>1,336,005</b> | <b>1,088,261</b> |           |           |
| <b>Net book value</b>           | <b>42,053</b>  | <b>797,374</b>    | <b>3,580,023</b>    | <b>21,355</b>  | <b>-</b> | <b>10,636</b> | <b>4,451,441</b> | <b>4,708,670</b> |           |           |

## HALALT FIRST NATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2016

## 12. SEGMENT DISCLOSURE

Halalt First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

|                                      | Band    |           | Education & Training |         | Public Works |          | Social Housing |        |
|--------------------------------------|---------|-----------|----------------------|---------|--------------|----------|----------------|--------|
|                                      | 2016    | 2015      | 2016                 | 2015    | 2016         | 2015     | 2016           | 2015   |
| <b>REVENUES</b>                      |         |           |                      |         |              |          |                |        |
| Indigenous & Northern Affairs Canada | 256,135 | 368,966   | 393,629              | 405,432 | 140,615      | 60,914   | -              | -      |
| Rental                               | 72,085  | 62,375    | -                    | -       | -            | -        | 71,197         | 72,449 |
| Other                                | 529,935 | 1,025,965 | 147,144              | 125,255 | 4,400        | 2,078    | 22,686         | 23,849 |
|                                      | 858,155 | 1,457,306 | 540,773              | 530,687 | 145,015      | 62,992   | 93,883         | 96,298 |
| <b>EXPENSES</b>                      |         |           |                      |         |              |          |                |        |
| Salaries and benefits                | 67,462  | 85,738    | 82,653               | 98,333  | 15,427       | 17,666   | -              | -      |
| Consultants and Professional fees    | 31,691  | 99,245    | 20,856               | 47,781  | 354,957      | 54,923   | 4,000          | 4,758  |
| Debt servicing                       | 43,407  | 42,591    | -                    | -       | 14,207       | -        | 8,910          | 12,564 |
| Amortization                         | -       | -         | -                    | -       | -            | -        | 62,955         | 44,259 |
| Other                                | 160,686 | 362,303   | 401,428              | 298,332 | 40,259       | 33,447   | 12,220         | 27,388 |
|                                      | 303,246 | 589,877   | 504,937              | 444,446 | 424,850      | 106,036  | 88,085         | 88,969 |
| <b>ANNUAL SURPLUS (DEFICIT)</b>      |         |           |                      |         |              |          |                |        |
|                                      | 554,909 | 867,429   | 35,836               | 86,241  | (279,835)    | (43,044) | 5,798          | 7,329  |

**HALALT FIRST NATION**

**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**12. SEGMENT DISCLOSURE (Continued)**

|                                      | Capital Projects |                |                | Social Services |                |                  | Land Management  |                  |                  | Economic Development |                |                |
|--------------------------------------|------------------|----------------|----------------|-----------------|----------------|------------------|------------------|------------------|------------------|----------------------|----------------|----------------|
|                                      | 2016             | 2015           | 2016           | 2015            | 2016           | 2015             | 2016             | 2015             | 2016             | 2015                 | 2016           | 2015           |
| <b>REVENUES</b>                      |                  |                |                |                 |                |                  |                  |                  |                  |                      |                |                |
| Indigenous & Northern Affairs Canada | -                | 30,250         | 263,089        | 256,674         | 142,956        | -                | 303,283          | 36,590           | -                | 62,300               | -              | -              |
| Rental                               | -                | -              | -              | -               | -              | -                | -                | -                | 7,335            | 6,760                | -              | -              |
| Other                                | -                | -              | -              | 5,663           | 200,357        | -                | 201,153          | 917,673          | 219,626          | -                    | -              | -              |
|                                      | <b>30,250</b>    | <b>263,089</b> | <b>262,337</b> | <b>343,313</b>  | <b>504,436</b> | <b>961,598</b>   | <b>961,598</b>   | <b>961,598</b>   | <b>1,253,486</b> | <b>288,686</b>       | <b>288,686</b> | <b>288,686</b> |
| <b>EXPENSES</b>                      |                  |                |                |                 |                |                  |                  |                  |                  |                      |                |                |
| Salaries and benefits                | -                | -              | 71,570         | 78,291          | 55,184         | 55,377           | 284,764          | 284,764          | -                | 284,764              | 284,764        | 284,764        |
| Consultants and Professional fees    | -                | 4,448          | 5,880          | 218,041         | 159,578        | 159,578          | 356,105          | 356,105          | -                | 356,105              | 356,105        | 356,105        |
| Debt servicing                       | -                | -              | -              | -               | 50             | 5                | 45               | 45               | -                | 45                   | 45             | 45             |
| Amortization                         | -                | -              | -              | -               | -              | -                | -                | -                | 189,694          | 189,694              | 189,694        | 189,694        |
| Other                                | 30,250           | 246,970        | 200,635        | 52,177          | 153,001        | 153,001          | 595,119          | 595,119          | 520,891          | 520,891              | 520,891        | 520,891        |
|                                      | <b>30,250</b>    | <b>322,988</b> | <b>284,806</b> | <b>325,452</b>  | <b>367,961</b> | <b>1,425,727</b> | <b>1,425,727</b> | <b>1,425,727</b> | <b>1,253,486</b> | <b>288,686</b>       | <b>288,686</b> | <b>288,686</b> |
| <b>ANNUAL SURPLUS (DEFICIT)</b>      |                  |                |                |                 |                |                  |                  |                  |                  |                      |                |                |
|                                      | -                | (59,899)       | (22,469)       | 17,861          | 136,475        | (464,129)        | (464,129)        | (464,129)        | (964,800)        | (964,800)            | (964,800)      | (964,800)      |

**HALALT FIRST NATION**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**13. EXPENSES BY OBJECT**

The following is a summary of expenses by object.

|                           | <b>2016</b>      | <b>2015</b>      |
|---------------------------|------------------|------------------|
| Consultants               | <b>638,517</b>   | 459,475          |
| Depreciation              | <b>252,649</b>   | 234,056          |
| Government transfer       | <b>604,556</b>   | 459,152          |
| Interest and bank charges | <b>66,619</b>    | 55,270           |
| Materials and supplies    | <b>436,109</b>   | 347,996          |
| Professional fees         | <b>351,581</b>   | 174,617          |
| Wages and benefits        | <b>577,060</b>   | 616,167          |
| Other                     | <b>468,195</b>   | 819,098          |
|                           | <b>3,395,286</b> | <b>3,165,831</b> |

**14. CONTINGENT LIABILITY**

Halalt First Nation has a contingent liability of \$734,800 for various on-reserve housing loan guarantees.

**15. ECONOMIC DEPENDENCE**

Halalt First Nation receives a majority portion of its revenue pursuant to a funding arrangement with Indigenous & Northern Affairs Canada.

**16. BUDGET FIGURES**

The budget figures were not audited nor reviewed but compiled from information provided by First Nation management.

**17. COMPARATIVE FIGURES**

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