

**Haisla Nation Council**  
**Financial Statements**  
**For the year ended March 31, 2014**

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**For the year ended March 31, 2014**

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Haisla Nation Council are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Haisla Nation Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Haisla Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Finance committee.

The Chief and Council review the Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Band Council.

  
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Chief

  
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Councilor

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## Independent Auditor's Report

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**To the Members**  
**Haisla Nation Council**

We have audited the accompanying consolidated financial statements of Haisla Nation Council, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of change in net debt, operations 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 of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material 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 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 noted in the Summary of Significant Accounting Policies regarding capital assets, the Social Housing capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian generally accepted accounting principles, which require that capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets, the related amortization expense, annual surplus and equity in tangible capital assets.



### **Basis for Qualified Opinion (continued)**

We are not able to provide an opinion on the Haisla Nation Council's Investments in Nation business entities as we were not able to obtain the scope of the information required to gain sufficient and appropriate audit evidence over the investments in nation business entities. The scope limitation affects the investments in nation business entities and the equity in investments in nation business entities.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Haisla Nation Council as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### **Other Matters**

Haisla Nation Council has also prepared another set of consolidated financial statements for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards. However, these consolidated financial statements include unaudited supplementary exhibits and schedules which present detailed program revenues and expenditures prepared to assist management of Haisla Nation Council to meet the reporting requirements of various funding agencies. In addition, these consolidated financial statements have expanded disclosures for Chief and Council. Our audit report on the other set of consolidated financial statements was issued to Chief and Council of Haisla Nation Council and was dated July 15, 2014.

A handwritten signature in black ink that reads 'BDO Canada LLP'.

Chartered Accountants

Kamloops, British Columbia  
July 15, 2014

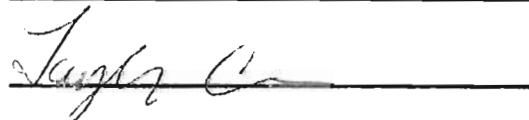
**Haisla Nation Council**  
**Exhibit A - Consolidated Statement of Financial Position**

As at March 31	2014	2013
<b>Financial Assets</b>		
Cash (Note 1)	\$ 4,455,075	\$ 14,890,720
Temporary investments	1	1
Restricted cash (Note 2)	1,644,597	1,554,047
Accounts receivable (Note 3)	1,706,753	2,928,594
Investments (Note 4)	97,039,803	71,714,122
Investment in Nation business entities (Note 11)	5,778,050	2,251,286
Inventory held for resale	25,816	22,264
	<b><u>110,650,095</u></b>	<b><u>93,361,034</u></b>
<b>Liabilities</b>		
Accounts payable (Note 5)	2,336,733	3,386,319
Deferred revenue (Note 6)	233,928	180,818
Long term debt (Note 7)	9,830,262	10,639,899
Replacement reserve	799,777	908,091
	<b><u>13,200,700</u></b>	<b><u>15,115,127</u></b>
<b>Net Assets</b>	<b><u>97,449,395</u></b>	<b><u>78,245,907</u></b>
<b>Non-financial Assets</b>		
Prepaid expense	257,839	184,432
Deferred Treaty Negotiation (Note 8)	8,194,273	8,194,273
Capital assets (Note 9)	17,640,871	14,190,508
	<b><u>26,092,983</u></b>	<b><u>22,569,213</u></b>
<b>Accumulated Surplus (Note 10)</b>	<b><u>\$123,542,378</u></b>	<b><u>\$100,815,120</u></b>

Approved on behalf of the Band Council:



Chief Councilor



Councilor

**Haisla Nation Council**  
**Exhibit B - Consolidated Statement of Change in Net Assets**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2014</b>	<b>2013</b>
<b>Surplus - Exhibit C</b>	<b>\$ (295,726)</b>	<b>\$ 23,396,642</b>	<b>\$ 22,272,691</b>
Purchases of tangible capital assets	-	(4,276,672)	(188,367)
Amortization of tangible capital assets	-	826,309	891,799
	<hr/>	<hr/>	<hr/>
	-	(3,450,363)	703,432
Change in prepaid expense	-	(73,406)	(79,706)
Purchases of deferred treaty negotiation costs	-	-	(264,000)
Change in Ottawa Trust Funds	-	32,716	11,412
Equity change in taxation surplus	-	1,138,043	479,000
Transfers to restricted	-	(1,840,144)	(490,506)
	<hr/>	<hr/>	<hr/>
	-	(742,791)	(343,800)
<b>Increase in net assets</b>	<b>(295,726)</b>	<b>19,203,488</b>	<b>22,632,323</b>
<b>Net assets, beginning of year</b>	<b>-</b>	<b>78,245,907</b>	<b>55,613,584</b>
<b>Net assets, end of year</b>	<b>\$ (295,726)</b>	<b>\$ 97,449,395</b>	<b>\$ 78,245,907</b>

**Haisla Nation Council**  
**Exhibit C - Consolidated Statement of Operations**

<b>For the year ended March 31</b>	<b>Budget</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 4,318,930	\$ 5,243,911	\$ 5,152,929
Environment Canada	-	-	72,890
British Columbia Treaty Commission	-	-	66,000
Health Canada	1,096,631	1,185,348	1,132,365
Fisheries and Oceans Canada	212,500	204,229	207,223
Province of British Columbia	142,500	599,229	586,161
Human Resources and Skills Development Canada	-	160	7,344
Canada Mortgage and Housing Corporation	10,680	138,724	205,764
Canada Post	41,340	40,612	54,477
Funds from Ottawa Trust - Lease agreement	-	3,280,000	3,280,000
Other income	1,687,648	35,339,867	35,665,825
	<b>7,510,229</b>	<b>46,032,080</b>	<b>46,430,978</b>
<b>Expenses</b>			
Administration	2,402,141	8,727,699	12,153,976
Community Welfare	956,686	660,015	679,705
Operations & Maintenance	664,001	1,867,458	1,425,178
Education	1,588,736	2,966,095	2,838,291
Economic Development	456,900	5,890,115	4,010,786
Health Services	1,017,895	1,165,223	1,165,659
Social Housing	137,172	463,698	612,587
Natural Resource Management	582,424	698,031	753,123
Treaty Related Matters	-	26,166	313,705
Capital repairs and maintenance	-	170,938	205,277
	<b>7,805,955</b>	<b>22,635,438</b>	<b>24,158,287</b>
<b>Surplus for the year</b>	<b>\$ (295,726)</b>	<b>\$ 23,396,642</b>	<b>\$ 22,272,691</b>

**Haisla Nation Council**  
**Exhibit D - Consolidated Statement of Cash Flows**

<u>For the year ended March 31</u>	<u>2014</u>	<u>2013</u>
<b>Operating activities</b>		
Cash receipts from various sources	\$ 43,927,696	\$ 43,797,580
Cash paid to employees and suppliers	(23,786,147)	(22,124,550)
Interest paid, net of interest received	<u>3,419,393</u>	<u>2,546,097</u>
<b>Cash flows from operating activities</b>	<b>23,560,942</b>	<b>24,219,127</b>
<b>Investing activities</b>		
Purchase of capital assets	(4,276,672)	459,174
Increase in deferred treaty negotiations	32,716	(252,585)
Change in capital asset equity	(3,526,762)	(2,251,287)
Purchase of investments	<u>(25,325,681)</u>	<u>(16,944,427)</u>
<b>Cash flows from investing activities</b>	<b>(33,096,399)</b>	<b>(18,989,125)</b>
<b>Financing activity</b>		
Repayment of long term debt, net of repayments	<u>(809,637)</u>	<u>(132,038)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10,345,094)</b>	<b>5,097,964</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>16,444,766</b>	<b>11,346,802</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,099,672</b>	<b>\$ 16,444,766</b>
<b>Represented by:</b>		
Cash	\$ 4,455,075	\$ 14,890,719
Restricted cash	<u>1,644,597</u>	<u>1,554,047</u>
	<b>\$ 6,099,672</b>	<b>\$ 16,444,766</b>

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## Haisla Nation Council Summary of Significant Accounting Policies

**March 31, 2014**

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<b>Basis of Presentation</b>	These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook.
<b>Reporting Entity and Principles</b>	<p>The Haisla Nation Council reporting entity includes the Haisla Nation Council government and all related entities which are accountable to the Haisla Nation Council and are either owned or controlled by the Haisla Nation Council.</p> <p>The financial statements consolidate the assets, liabilities and results of operations for the following non-incorporated entities:</p> <ul style="list-style-type: none"><li>- Haisla Nation Council, which include the Operating, Capital, Trust and Social Housing Funds, and the following incorporated entities: Haisla Capacity Development Society, Haisla Trust Society and Haisla Business Development Corporation.</li></ul>
	<p>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 been necessarily eliminated on the individual schedules.</p> <p>Incorporated business entities, which are owned or controlled by the Haisla Nation Council and which are not dependent on the band for their continuing operations, are included in the summary financial statements using the modified equity method.</p>
<b>Financial Instruments</b>	Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risks arising from its financial instruments.
<b>Cash and Cash Equivalents</b>	Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.
<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates included in these financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.

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## Haisla Nation Council Summary of Significant Accounting Policies

**March 31, 2014**

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<b>Temporary Investments</b>	Temporary investments are recorded at cost. If there is a decline in the value of temporary investments that is other than temporary, the temporary investments are written down to fair value.												
<b>Capital Assets</b>	<p>Property, equipment and infrastructure expenses are valued at acquisition cost and recorded in the the Capital Fund.</p> <p>The acquisition costs of capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenses are also recorded as an addition to the assets of the Capital Fund with a corresponding increase in Equity in Capital Assets.</p> <p>Capital assets acquired as part of the Social Housing Fund are recorded in that fund.</p>												
<b>Amortization</b>	<p>Capital assets recorded are amortized annually with a corresponding reduction in Equity in Capital Assets. Assets are amortized over their expected useful lives on a declining balance basis at the following rates:</p> <table><tbody><tr><td>Automotive equipment</td><td>30%</td></tr><tr><td>Band owned houses</td><td>5%</td></tr><tr><td>Buildings</td><td>5%</td></tr><tr><td>Construction equipment</td><td>20%</td></tr><tr><td>Infrastructure</td><td>2%</td></tr><tr><td>Office and furniture equipment</td><td>20-30%</td></tr></tbody></table> <p>In the year of acquisition, 50% of the normal amortization is recorded.</p> <p>Social Housing Fund assets acquired under CMHC subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in related long-term debt, as required for CMHC reporting purposes.</p>	Automotive equipment	30%	Band owned houses	5%	Buildings	5%	Construction equipment	20%	Infrastructure	2%	Office and furniture equipment	20-30%
Automotive equipment	30%												
Band owned houses	5%												
Buildings	5%												
Construction equipment	20%												
Infrastructure	2%												
Office and furniture equipment	20-30%												
<b>Revenue Recognition</b>	<p>Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements, which relates to a subsequent fiscal period, is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.</p> <p>Rental revenue is recognized when a tenant commences occupancy and rent is due. Haisla Nation Council retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.</p>												

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## **Haisla Nation Council** **Summary of Significant Accounting Policies**

**March 31, 2014**

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**Deferred Treaty  
Negotiation Costs**

Deferred Treaty Negotiation costs consist of all costs incurred during treaty negotiations between Haisla Nation Council and the Governments of Canada and British Columbia less any grants and interest earned. Deferred Treaty Negotiation costs will be deferred until the earlier of signing of a treaty between the parties, the twelfth anniversary of the original loan, or the seventh anniversary after signing an agreement in principle.

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2014**

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**1. Cash**

	<b>2014</b>	<b>2013</b>
Operating	\$ 3,726,762	\$ 13,931,208
Gas Bar	117,186	87,626
Haisla Treaty	7,854	338,894
Social Housing	212,680	425,406
Cash held in other government organizations	<u>390,593</u>	<u>107,586</u>
	<b><u>\$ 4,455,075</u></b>	<b><u>\$ 14,890,720</u></b>

Cash is held in two Canadian Chartered Banks and earns interest at the current prevailing rates for business operating accounts.

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**2. Restricted Cash**

	<b>2014</b>	<b>2013</b>
Ottawa Trust revenue	\$ 642,337	\$ 609,621
Ottawa Trust capital	21,934	21,934
Social Housing replacement reserve	<u>980,326</u>	<u>922,492</u>
	<b><u>\$ 1,644,597</u></b>	<b><u>\$ 1,554,047</u></b>

The Ottawa trust accounts 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 and are subject to audit by the Office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenditures of capital funds requires the consent of Aboriginal Affairs and Northern Development Canada and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

In order to provide for replacement of major capital items, the terms of the operating agreements between Haisla Nation Council and CMHC provide that a replacement reserve fund be established by annual charges to operations in amount prescribed by the agreements. Under these agreements, Haisla Nation Council is required to segregate annual transfers to reserve funds and interest earned on these funds from other cash. As at March 31, 2014, the replacement reserve and subsidy surplus reserve was overfunded by \$180,549 (2013 - \$14,384).

# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2014**

### 3. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2014	2013
Operating Fund		
A/R - Trade	\$ 985,625	\$ 2,050,625
AANDC receivable	<u>166,462</u>	<u>346,752</u>
A/R in other government organizations	<u>1,152,087</u>	<u>2,397,377</u>
	<u>554,666</u>	<u>531,217</u>
	<b><u>\$ 1,706,753</u></b>	<b><u>\$ 2,928,594</u></b>

### 4. Investments

	2014	2013		
	Market Value	Book Value	Market Value	Book Value
<b>Investments</b>				
Cash	922,730	922,730	1,656,240	1,656,240
Provincial	3,719,384	3,793,051	3,784,219	3,777,486
Foreign Securities	11,141,332	8,861,325	8,130,285	7,240,321
Federal Government Bonds	9,310,236	9,383,319	8,555,693	8,516,181
Corporate Bonds	10,392,799	10,259,120	11,309,105	11,060,369
Canadian Equities	6,179,882	4,815,748	4,510,242	3,870,330
Fund Units	18,764,037	17,859,618	17,746,619	17,628,724
Fixed Income	9,580,546	9,589,140	4,594,213	4,511,414
Common Shares	7,521,291	6,117,310	6,221,613	5,495,425
Mutual Funds	21,086,582	21,093,884	4,146,280	3,973,845
Other	2,935,789	2,549,038	2,773,926	2,371,215
	<b>101,554,608</b>	<b>95,244,283</b>	<b>73,428,435</b>	<b>70,101,550</b>
<b>Members' Trust</b>				
Fixed Income	<b>1,795,520</b>	<b>1,795,520</b>	<b>1,612,572</b>	<b>1,612,572</b>
	<b>1,795,520</b>	<b>1,795,520</b>	<b>1,612,572</b>	<b>1,612,572</b>
	<b>103,350,128</b>	<b>97,039,803</b>	<b>75,041,007</b>	<b>71,714,122</b>

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### **4. Investments (continued)**

The fixed income investments include treasury bills and government and bank bonds with maturity dates that range from March 2014 to December 2106. The interest rates earned on the fixed income investments range from 1.3% to 8.1% per annum.

The Members' Trust is made up of internally restricted funds received under the Rio Tinto Alcan Legacy Agreement.

Haisla Nation Council owns 100% of Haisla Forestry Ltd. The corporation is involved in resource development in the area. For the year ended March 31, 2014 the corporation has cumulative losses and a current year loss of \$125,841 (2013 - \$125,841). The investment value has been reduced to zero and no investment income will be recorded until the deficits are recovered.

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#### **5. Accounts Payable**

	<b>2014</b>	<b>2013</b>
Operating	\$ 1,726,447	\$ 2,879,130
AANDC Overpayment	9,871	27,225
A/P - Social Housing	12,424	12,131
A/P in other government organizations	<u>\$ 588,098</u>	<u>\$ 467,833</u>
	<u><b>\$ 2,336,840</b></u>	<u><b>\$ 3,386,319</b></u>

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#### **6. Deferred Revenue**

Deferred revenue represents funding received for programs/projects that were not completed during the year.

	<b>2014</b>	<b>2013</b>
Operating Fund - Other		
Miscellaneous	214,952	152,065
Scholarships	<u>18,976</u>	<u>18,976</u>
	<u><b>233,928</b></u>	<u><b>171,041</b></u>
Capital Fund - AANDC		
Upper Bench Pumphouse CPMS 2800	-	9,777
	<u>-</u>	<u>9,777</u>
	<u><b>\$ 233,928</b></u>	<u><b>\$ 180,818</b></u>

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2014**

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#### 7. Long Term Debt

	2014	2013
Demand loans, repayable in monthly instalments of \$2,257 to \$10,440, including interest at prime plus 0.35% to 4.65% per annum	14,310	660,538
Mortgages, repayable in monthly instalments of \$1,441 to \$2,716 including interest at 1.65% to 4.51% per annum, maturing from March 2020 to February 2027, secured by a Ministerial Guarantee from Aboriginal Affairs and Northern Development Canada	1,654,571	1,817,980
Aboriginal Affairs and Northern Development Canada loan, secured by promissory notes issued by Council, non-interest bearing, repayable upon the earlier of the signing of a treaty between the Band and the Governments of Canada and British Columbia, the twelfth anniversary of the original loan, or the seventh anniversary after signing an agreement in principle	8,161,381	8,161,381
	<hr/> <u>\$ 9,830,262</u>	<hr/> <u>\$ 10,639,899</u>

The estimated principal repayments on the above long term debt required over the next five years are as follows:

2015	\$ 166,754
2016	170,325
2017	173,977
2018	177,711
2019 and subsequent	<hr/> <u>965,804</u>
	<hr/> <u>\$ 1,654,571</u>

**Haisla Nation Council**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**8. Deferred Treaty Negotiation**

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 8,194,273	\$ 7,930,275
Costs incurred during the year	26,166	365,986
Grants and interest income	(731)	(67,574)
Deficit not capitalized	(25,435)	(34,414)
Balance, end of year	<b>\$ 8,194,273</b>	<b>\$ 8,194,273</b>

**9. Capital Assets**

	<b>2014</b>	<b>2013</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Cost</b>	<b>Accumulated Amortization</b>
Land	\$ 3,440,278	\$ -	\$ 178,906	\$ -
Artwork	16,500	-	16,500	-
Equipment				
Automotive equipment	774,019	664,562	728,343	627,439
Construction equipment	748,989	667,817	748,989	647,524
Other equipment	1,907,877	1,056,500	1,521,201	878,938
Communication equipment	10,375	9,956	10,375	9,777
Boating equipment	521,515	406,598	457,330	371,102
Buildings				
Community buildings	10,308,145	3,746,761	10,086,728	3,407,252
Band owned houses	115,168	72,082	115,168	69,814
Community buildings	129,258	32,303	129,258	28,263
Land improvements				
Infrastructure	3,083,329	802,268	3,071,338	755,838
	21,055,453	7,458,847	17,064,136	6,795,947
Social Housing	5,920,374	2,558,599	5,920,374	2,395,190
Assets held in other government organizations	682,490	-	397,135	-
	<b>27,658,317</b>	<b>10,017,446</b>	23,381,645	9,191,137
Net book value	<b>\$ 17,640,871</b>		<b>\$ 14,190,508</b>	

**Haisla Nation Council**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**9. Capital Assets (continued)**

	<b>2014</b>					
Cost, beginning of year	\$ 1,066,042	Land	Artwork	Equipment	Buildings	Land Improvements
Additions	3,261,372	-	16,500	\$ 3,581,286	\$ 15,646,479	\$ 3,071,338
Disposals	-	-	-	781,892	221,417	11,991
Cost, end of year	<b>\$ 4,327,414</b>	<b>\$ 16,500</b>	<b>\$ 4,363,178</b>	<b>\$ 15,867,896</b>	<b>\$ 3,083,329</b>	<b>\$ 27,658,317</b>
Accumulated amortization, beginning of year	\$ -	\$ -	\$ -	\$ 2,534,781	\$ 5,900,518	\$ 9,191,137
Amortization	-	-	-	662,900	163,409	-
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ -	\$ 3,197,681	\$ 6,063,927	\$ 755,838	\$ 10,017,446
Net carrying amount, end of year	<b>\$ 4,327,414</b>	<b>\$ 16,500</b>	<b>\$ 1,165,497</b>	<b>\$ 9,803,969</b>	<b>\$ 2,327,491</b>	<b>\$ 17,640,871</b>

**Haisla Nation Council**  
**Notes to Consolidated Financial Statements**

**March 31, 2014**

**9. Capital Assets (continued)**

	2013					
	Land	Artwork	Equipment	Buildings	Land Improvements	Total
Cost, beginning of year	\$ 1,066,042	\$ 16,500	\$ 4,040,460	\$ 15,646,479	\$ 3,071,338	\$ 23,840,819
Additions		-	188,367	-	-	188,367
Disposals		-	(647,541)	-	-	(647,541)
Cost, end of year	\$ 1,066,042	\$ 16,500	\$ 3,581,286	\$ 15,646,479	\$ 3,071,338	\$ 23,381,645
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 2,938,043	\$ 5,300,253	\$ 708,583	\$ 8,946,879
Amortization		-	244,279	600,265	47,255	891,799
Disposals		-	(647,541)	-	-	(647,541)
Accumulated amortization, end of year	\$ -	\$ -	\$ 2,534,781	\$ 5,900,518	\$ 755,838	\$ 9,191,137
Net carrying amount, end of year	\$ 1,066,042	\$ 16,500	\$ 1,046,505	\$ 9,745,961	\$ 2,315,500	\$ 14,190,508

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2014**

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**10. Accumulated Surplus**

	<b>2014</b>	<b>2013</b>
Operating surplus	\$ 96,972,951	\$ 81,222,842
Equity in capital assets	13,522,422	9,548,076
Equity in investments	4,007,779	3,175,735
Equity in Ottawa trust	664,271	631,555
Contributed surplus	1,757,912	1,757,912
Equity in HCD	-	-
Restricted surplus	<u>6,617,043</u>	<u>4,479,000</u>
	<b>\$123,542,378</b>	<b>\$100,815,120</b>

Restricted Surplus consists of:

	<b>2014</b>	<b>2013</b>
Tax Reserve Funds	1,412,043	274,000
Members' Trust	5,000,000	4,000,000
Haisla Legacy Fund	<u>205,000</u>	<u>205,000</u>
	<b>\$ 6,617,043</b>	<b>\$ 4,479,000</b>

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**11. Investments in Nation business entities**

	<b>2014</b>	<b>2013</b>
Investments in regional LNG partnerships	3,906,149	1,896,680
Investments in regional LNG development Joint Ventures	<u>1,871,901</u>	<u>354,606</u>
Total investment in business entities	<b><u>5,778,050</u></b>	<b><u>\$ 2,251,286</u></b>

# **Haisla Nation Council**

## **Notes to Consolidated Financial Statements**

**March 31, 2014**

### **11. Investment in Nation business entities (continued)**

For partnerships, equity is comprised of partnership advances, less drawings, plus the partner's proportional share of net income. The Haisla Nation Council has investments in the following entities:

	<b>2014</b>			<b>2013</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Net Assets</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Total</b>
						<b>Earnings (Loss)</b>
Investment in business entities	\$ 91,225,426	\$ 65,489,750	\$ 25,735,676	\$ 294,825,504	\$ 203,729,666	\$ 91,095,838
						\$ 12,733,578

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## **Haisla Nation Council**

### **Notes to Consolidated Financial Statements**

**March 31, 2014**

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#### **11. Investment in Nation business entities (continued)**

The following period of financial information was used to determine the amount of the investment in Nation's business activities:

Investments in regional LNG partnerships	April 1, 2013 - March 31, 2014
Investments in regional LNG development	
Joint Ventures	April 1, 2013 - March 31, 2014

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#### **12. Comparative Figures**

Certain comparative amounts presented in the financial statements have been restated to conform to current year's presentation.

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#### **13. Line of Credit**

The Royal Bank of Canada has approved an operating line of credit up to \$500,000 at the bank's prime lending rate plus 0.5%, payments revolve in increments of \$10,000, due on demand.

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#### **14. Federal Assistance Payments**

The Social Housing Fund has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2014 was \$211,463 (2013 - \$209,876). This assistance will continue, providing the Band is not in default of the agreement.

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#### **15. Replacement Reserve**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by Canada and Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

The Band is in compliance with the term of its agreement with CMHC requiring Replacement Reserve funds to be held in a separate bank account. As at March 31, 2014, the Replacement Reserve was overfunded by \$180,552 (2013 - \$14,386).

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## **Haisla Nation Council**

### **Notes to Consolidated Financial Statements**

**March 31, 2014**

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#### **16. Commitments and Contingent Liabilities**

The council has guaranteed loans for Band members for the year ended March 31, 2014 in the amount of \$253,443 (2013 - \$367,113). These loans are in addition to the Canada Mortgage and Housing loans for Social Housing that are reflected as liabilities in these financial statements.

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#### **17. Employee Benefits**

The Group has a defined contribution plan providing pension benefits to certain of its employees. The pension cost charge represents contributions payable by the Group to the plans and amount to \$130,604 (2013 - \$106,717)

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#### **18. Prior Period Adjustment**

There was a prior period adjustment to adjust the balance of the investment in business entities. The prior period adjustment was a result of a change in the way the accounting for the joint venture and limited partnership agreements were interpreted. This resulted in a \$1,266,689 decrease in the balance of the investment in business entities.

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#### **19. Expenses by Type**

	<b>2014</b>	<b>2013</b>
Amortization	826,309	891,799
Supplies of goods and services	17,623,122	19,492,102
Salaries and benefits	4,186,007	3,774,386
	<b><u>\$ 22,635,438</u></b>	<b><u>\$ 24,158,287</u></b>

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# **Haisla Nation Council**

## **Notes to Consolidated Financial Statements**

**March 31, 2014**

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### **20. Segment Disclosure**

The Haisla Nation Council is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Administration**

This item relates to the revenues and expenses that relate to the operations of the Haisla Nation Council itself and cannot be directly attributed to specific segment.

#### **Community Welfare**

This service area provides services to help the Members by providing a variety of programs, community services and social assistance.

#### **Operations and Maintenance**

This service area provides services relating to the development, maintenance and service of the Haisla Nation Council's assets, infrastructure and common property.

#### **Education**

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Haisla Nation Council's Members.

#### **Economic Development**

This service area provides for the development of economic opportunities to the Members.

#### **Health Services**

This service area provides for health-related services and programs to the Members.

#### **Social Housing**

This service area provides for social housing to the Members.

#### **Natural Resource Management**

This service area includes exploration of natural resources and development of natural resource revenues.

#### **Treaty Related Matters**

This service area includes treaty negotiations and specific claims for the Haisla Nation Council.

#### **Capital**

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

# Haisla Nation Council

## Notes to Consolidated Financial Statements

March 31, 2014

**19. Segment Disclosure  
(continued)**

		2014										
		Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Management	Treaty Resource Related Matters	Capital	Total
<b>Revenue</b>												
AANDC	\$ 609,300	\$ 1,012,236	\$ 323,842	\$ 2,347,201	\$ 100,578	\$ -	\$ -	\$ -	\$ 850,754	\$ 5,243,911		
Other	19,986,674	22,570	265,288	507,905	14,451,053	1,318,842	494,288	609,560	3,187,204	(55,215)	40,788,169	
	<u>20,595,974</u>	<u>1,034,806</u>	<u>589,130</u>	<u>2,855,106</u>	<u>14,551,631</u>	<u>1,318,842</u>	<u>494,288</u>	<u>609,560</u>	<u>3,187,204</u>	<u>795,539</u>	<u>46,032,080</u>	
<b>Expenses</b>												
Payroll	1,947,534	220,614	557,284	839,790	103,478	469,111	99,686	133,468	9	4,370,974		
Other	6,780,165	439,401	647,274	2,126,305	5,786,637	696,112	200,603	564,563	26,157	170,938	17,438,155	
Amortization	-	-	662,900	-	-	163,409	-	-	-	826,309		
	<u>8,727,699</u>	<u>660,015</u>	<u>1,867,458</u>	<u>2,966,095</u>	<u>5,890,115</u>	<u>1,165,223</u>	<u>463,698</u>	<u>698,031</u>	<u>26,166</u>	<u>170,938</u>	<u>22,635,438</u>	
<b>Surplus (deficit)</b>	<b>\$ 11,868,275</b>	<b>\$ 374,791</b>	<b>\$ (1,278,328)</b>	<b>\$ (110,989)</b>	<b>\$ 8,661,516</b>	<b>\$ 153,619</b>	<b>\$ 30,590</b>	<b>\$ (88,471)</b>	<b>\$ 3,161,038</b>	<b>\$ 624,601</b>	<b>\$ 23,396,642</b>	
		<b>2013</b>										
		Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Housing	Social Management	Natural Resource Related Matters	Treaty Related Matters	Total
<b>Revenue</b>												
AANDC	\$ 466,577	\$ 1,052,892	\$ 255,209	\$ 2,196,261	\$ 98,183	\$ -	\$ 81,062	\$ 132,315	\$ 264,000	\$ 606,430	\$ 5,152,929	
Other	20,394,323	1,070	160,057	261,052	13,336,851	1,209,927	456,069	492,139	4,934,722	31,839	41,278,049	
	<u>20,860,900</u>	<u>1,053,962</u>	<u>415,266</u>	<u>2,457,313</u>	<u>13,435,034</u>	<u>1,209,927</u>	<u>537,131</u>	<u>624,454</u>	<u>5,198,722</u>	<u>638,269</u>	<u>46,430,978</u>	
<b>Expenses</b>												
Payroll	1,174,384	197,816	398,897	834,894	130,755	557,481	81,471	139,310	222,082	-	3,737,090	
Other	10,979,592	481,889	376,601	2,003,397	3,880,031	608,178	288,997	613,813	91,623	205,277	19,529,398	
Amortization	-	-	649,680	-	-	242,119	-	-	-	-	891,799	
	<u>12,153,976</u>	<u>679,705</u>	<u>1,425,178</u>	<u>2,838,291</u>	<u>4,010,786</u>	<u>1,165,659</u>	<u>612,587</u>	<u>753,123</u>	<u>313,705</u>	<u>205,277</u>	<u>24,158,287</u>	
<b>Surplus (deficit)</b>	<b>\$ 8,706,924</b>	<b>\$ 374,257</b>	<b>\$ (1,009,912)</b>	<b>\$ (380,978)</b>	<b>\$ 9,424,248</b>	<b>\$ 44,268</b>	<b>\$ (75,456)</b>	<b>\$ (128,669)</b>	<b>\$ 4,885,017</b>	<b>\$ 432,992</b>	<b>\$ 22,272,691</b>	