

**Haisla Nation Council  
Consolidated Financial Statements  
For the year ended March 31, 2015**

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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 public sector accounting standards. 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 consolidated financial statements are presented fairly, in all material respects.

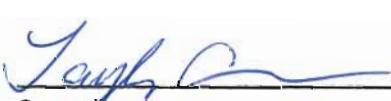
The Haisla Nation Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately 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 consolidated financial statements. Council carries out this responsibility principally through its Finance committee.

The Chief and Council review the Band's consolidated 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 consolidated 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 consolidated 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.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councilor

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## Independent Auditor's Report

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**To the Members of  
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, 2015 and the consolidated statements of change in net financial assets, 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 tangible capital assets, the Social Housing tangible 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 public sector accounting standards, which require that tangible 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 surplus 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, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Other Matters**

Haisla Nation Council has also prepared another set of consolidated financial statements for the year ended March 31, 2015 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 27, 2015.

A handwritten signature in black ink that reads 'BDO Canada LLP'. Below the signature, the text 'Chartered Professional Accountants' is printed in a smaller, sans-serif font.

Chartered Professional Accountants

Kamloops, British Columbia  
July 27, 2015

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

As at March 31	2015	2014 (Restated)
<b>Financial Assets</b>		
Cash (Note 1)	\$ 3,453,615	\$ 6,066,075
Restricted cash (Note 2)	979,535	1,644,597
Accounts receivable (Note 3)	4,048,645	1,706,753
Investments (Note 4)	134,561,334	97,039,803
Investment in Nation business entities (Note 11)	5,508,833	5,778,050
Inventory held for resale	163,478	25,816
	<b>148,715,440</b>	112,261,094
<b>Liabilities</b>		
Accounts payable (Note 5)	2,146,104	2,336,761
Deferred revenue (Note 6)	1,237,906	233,928
Long term debt (Note 7)	9,649,064	9,830,262
Replacement reserve	543,144	799,648
	<b>13,576,218</b>	13,200,599
<b>Net Assets (Debt)</b>	<b>135,139,222</b>	99,060,495
<b>Non-financial Assets</b>		
Prepaid expense	319,020	257,839
Deferred Treaty Negotiation (Note 8)	8,194,273	8,194,273
Tangible capital assets (Note 9)	20,002,640	17,640,871
Goodwill	123,865	-
	<b>28,639,798</b>	26,092,983
<b>Accumulated Surplus (Note 10)</b>	<b>\$163,779,020</b>	\$125,153,478

Approved on behalf of the Band Council:



Chief Councilor



Councilor

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

For the year ended March 31	2015	2014 (Restated)
<b>Surplus - Exhibit C</b>	<b>\$ 39,078,315</b>	<b>\$ 23,500,075</b>
Purchases of tangible capital assets	(3,604,402)	(4,276,672)
Amortization of tangible capital assets	957,277	826,309
Write-downs of tangible capital assets	<u>285,356</u>	-
	<u>(2,361,769)</u>	<u>(3,450,363)</u>
Change in prepaid expense	(61,181)	(73,406)
Change in Ottawa Trust Funds	45,368	32,716
Equity change in restricted equity	(487,369)	-
Equity change in taxation surplus	967,020	1,138,043
Transfers to restricted	(977,792)	(1,839,852)
Change in goodwill	(123,865)	-
Equity change from prior period adjustments	<u>-</u>	<u>1,507,375</u>
	<u>(637,819)</u>	<u>764,876</u>
<b>Increase in net financial assets</b>	<b>36,078,727</b>	<b>20,814,588</b>
<b>Net financial assets, beginning of year</b>	<b>99,060,495</b>	<b>78,245,907</b>
<b>Net financial assets, end of year</b>	<b>\$135,139,222</b>	<b>\$ 99,060,495</b>

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

For the year ended March 31	Budget	2015	2014 (Restated)
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 4,880,692	\$ 5,166,735	\$ 5,243,911
First Nations Health Authority	1,275,180	1,323,381	1,185,348
Fisheries and Oceans Canada	192,010	192,408	204,229
Province of British Columbia	102,500	815,673	599,229
Human Resources and Skills Development Canada	-	-	160
Canada Mortgage and Housing Corporation	205,460	138,724	138,724
Canada Post	21,119	44,484	40,612
Funds from Ottawa Trust - Lease agreement	-	3,280,000	3,280,000
Other income	2,279,112	57,349,909	35,443,492
	<hr/>	<hr/>	<hr/>
	8,956,073	68,311,314	46,135,705
<b>Expenses</b>			
Administration	3,282,828	8,290,845	8,726,327
Community Welfare	794,570	668,543	660,035
Operations & Maintenance	568,604	1,947,934	1,867,458
Education	3,116,435	3,563,264	2,966,095
Economic Development	593,100	11,844,237	5,891,659
Health Services	1,211,394	1,299,113	1,165,223
Social Housing	322,400	468,382	463,698
Natural Resource Management	647,709	1,058,416	698,031
Treaty Related Matters	-	9,148	26,166
Capital	225,762	83,117	170,938
	<hr/>	<hr/>	<hr/>
	11,290,564	29,232,999	22,635,630
<b>Surplus for the year (Note 17)</b>	<b>\$ (2,334,491)</b>	<b>\$ 39,078,315</b>	<b>\$ 23,500,075</b>

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

<u>For the year ended March 31</u>	<u>2015</u>	<u>2014</u>
(Restated)		
<b>Operating activities</b>		
Cash receipts from various sources	\$ 58,596,805	\$ 43,927,696
Cash paid to employees and suppliers	(28,676,501)	(22,175,147)
Interest paid, net of interest received	<u>8,337,591</u>	<u>3,419,393</u>
<b>Cash flows from operating activities</b>	<b><u>38,257,895</u></b>	<b><u>25,171,942</u></b>
<b>Investing activities</b>		
Purchase of capital assets	(3,604,402)	(4,276,672)
Increase in equity in Ottawa Trust	45,367	32,716
Change in investment in business entities	269,212	(3,526,762)
Direct investment in equity of subsidiary	(419,000)	-
Purchase of investments	<u>(37,521,531)</u>	<u>(25,325,681)</u>
Purchase of goodwill	<u>(123,865)</u>	<u>-</u>
<b>Cash flows from investing activities</b>	<b><u>(41,354,219)</u></b>	<b><u>(33,096,399)</u></b>
<b>Financing activity</b>		
Repayment of long term debt	<u>(181,198)</u>	<u>(809,637)</u>
<b>Net decrease in cash and cash equivalents</b>	<b><u>(3,277,522)</u></b>	<b><u>(8,734,094)</u></b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>7,710,672</u></b>	<b><u>16,444,766</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 4,433,150</u></b>	<b><u>\$ 7,710,672</u></b>
<b>Represented by:</b>		
Cash	\$ 3,453,615	\$ 6,066,075
Restricted cash	<u>979,535</u>	<u>1,644,597</u>
	<b><u>\$ 4,433,150</u></b>	<b><u>\$ 7,710,672</u></b>

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## Haisla Nation Council Summary of Significant Accounting Policies

**March 31, 2015**

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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 CPA Public Sector Accounting and Auditing Handbook, which encompasses the following.
<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 entities:</p> <ul style="list-style-type: none"><li>- Haisla Nation Council, and the following entities: Haisla Capacity Development Society, Haisla Trust Society, Haisla Business Development Corporation, Haisla (HL) Developments Ltd., Haisla Business Operations, Haisla Project GP Inc., HN Gas Export Corp, Haisla (BC) Development, and Cedar LNG Export Dev. Ltd.</li></ul>
<b>Financial Instruments</b>	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.
<b>Cash and Cash Equivalents</b>	<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> <p>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.</p> <p>Cash and cash equivalents consist of cash on hand, bank balances and bank overdrafts with maturities of three months or less.</p>

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## Haisla Nation Council Summary of Significant Accounting Policies

**March 31, 2015**

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<b>Use of Estimates</b>	The preparation of financial statements in accordance with Canadian public sector accounting standards 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 consolidated financial statements include the valuation of accounts receivable, accuracy of accounts payable and accrued liabilities, and calculation of deferred revenue.												
<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>Tangible Capital Assets</b>	<p>Property, equipment and infrastructure expenses are valued at acquisition cost and recorded in the Capital Fund.</p> <p>The acquisition costs of tangible 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>Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund.</p>												
<b>Amortization</b>	Tangible 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:												
	<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>	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%												
	In the year of acquisition, 50% of the normal amortization is recorded.												
	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.												

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## Haisla Nation Council Summary of Significant Accounting Policies

**March 31, 2015**

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### **Revenue Recognition**

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.

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.

All other revenue is recognized in the period in which the events that give rise to the revenue occurs.

### **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.

### **Ottawa Trust Funds**

Haisla Nation Council uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized as revenue of the band upon withdrawal from the Ottawa Trust Fund.

### **Rents Receivable**

Canada Mortgage and Housing Corporation (CMHC) does not allow or recognize bad debts recorded in the financial statements of Social Housing and will not subsidize rental arrears.

### **Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

### **Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

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## Haisla Nation Council Summary of Significant Accounting Policies

**March 31, 2015**

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### **Impairment of Long-lived**

#### **Assets**

In the event that facts and circumstances indicate that Haisla Nation Council's assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

#### **Leased Assets**

Leases entered into that transfer substantially all of the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with the tangible capital assets owned by the Band, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2015**

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#### 1. Cash

	<b>2015</b>	<b>2014</b>
Operating	\$ 2,272,112	\$ 5,337,762
Gas Bar	63,063	117,186
Haisla Treaty	8,039	7,854
Social Housing	83,977	212,680
Cash held in other government organizations	<u>1,026,424</u>	<u>390,593</u>
	<hr/>	<hr/>
	<b>\$ 3,453,615</b>	<b>\$ 6,066,075</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>2015</b>	<b>2014</b>
Ottawa Trust revenue	\$ 687,704	\$ 642,337
Ottawa Trust capital	21,934	21,934
Social Housing replacement reserve	<u>269,897</u>	<u>980,326</u>
	<hr/>	<hr/>
	<b>\$ 979,535</b>	<b>\$ 1,644,597</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, 2015, the replacement reserve and subsidy surplus reserve was overfunded by \$(273,247) (2014 - \$180,549).

# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2015**

### 3. Accounts Receivable

Accounts receivable by program area is summarized as follows:

	2015	2014
Operating		
A/R - Trade	\$ 3,835,874	\$ 985,625
AANDC receivable	<u>166,462</u>	<u>166,462</u>
	<b>4,002,336</b>	1,152,087
A/R in other government organizations	<b>46,309</b>	554,666
	<b>\$ 4,048,645</b>	<b>\$ 1,706,753</b>

### 4. Investments

	2015	2014		
	Market Value	Book Value	Market Value	Book Value
Investments				
Cash	\$ 3,391,723	\$ 3,391,723	\$ 922,730	\$ 922,730
Canadian Equities	5,970,234	4,792,851	6,179,882	4,815,748
Common Shares	22,770,648	21,187,716	7,521,291	6,117,310
Corporate Bonds	13,087,699	12,606,883	10,392,799	10,259,120
Federal Government Bonds	9,925,207	9,679,530	9,310,236	9,383,319
Fixed Income	25,855,276	24,891,680	9,580,546	9,589,140
Foreign Securities	7,007,893	5,058,260	11,141,332	8,861,325
Fund Units	25,363,239	22,501,292	18,764,037	17,859,618
Mutual Funds	17,561,592	17,349,492	21,086,582	21,093,884
Provincial	3,072,492	3,116,438	3,719,384	3,793,051
Other	10,415,892	9,985,194	2,935,789	2,549,038
	<b>144,421,895</b>	<b>134,561,059</b>	101,554,608	95,244,283
Members' Trust				
Fixed Income	<b>275</b>	<b>275</b>	1,795,520	1,795,520
	<b>\$144,422,170</b>	<b>\$134,561,334</b>	<b>\$103,350,128</b>	<b>\$ 97,039,803</b>

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2015**

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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 December 2016 to December 2106. The interest rates earned on the fixed income investments range from 1.85% to 5.96% per annum.

The Members' Trust is made up of internally restricted funds.

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, 2015 the corporation has cumulative losses and a current year loss of \$125,841 (2014 - \$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>2015</b>	<b>2014</b>
Operating	\$ 1,836,597	\$ 1,726,475
AANDC Overpayment	9,871	9,871
A/P - Social Housing	22,970	12,424
A/P in other government organizations	<u>276,666</u>	<u>587,991</u>
	<hr/> <b>\$ 2,146,104</b>	<hr/> <b>\$ 2,336,761</b>

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

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

	<b>2015</b>	<b>2014</b>
Operating Fund - Other		
Prepaid Property Taxes	\$ 34,875	\$ -
Miscellaneous	335,858	214,952
Scholarships	-	18,976
Deferred revenue in other government organizations	<u>867,173</u>	<u>-</u>
	<hr/> <b>\$ 1,237,906</b>	<hr/> <b>\$ 233,928</b>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2015**

### 7. Long Term Debt

	<u>2015</u>	<u>2014</u>
Demand loan, repaid in the year	\$ -	\$ 14,310
Mortgages, repayable in monthly instalments of \$1,441 to \$2,806 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	1,487,683	1,654,571
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	<u>8,161,381</u>	<u>8,161,381</u>
Less: current portion	9,649,064	9,830,262
	<u>170,325</u>	<u>166,754</u>
	<u><u>\$ 7,991,056</u></u>	<u><u>\$ 9,663,508</u></u>

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

2016	\$ 170,325
2017	173,977
2018	177,711
2019	181,530
2020	185,550
Thereafter	<u>8,759,971</u>
	<u><u>\$ 9,649,064</u></u>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2015**

### 8. Deferred Treaty Negotiation

	2015	2014
Balance, beginning of year	\$ 8,194,273	\$ 8,194,273
Costs incurred during the year	9,148	26,166
Grants and interest income	(185)	(731)
Surplus (deficit) not capitalized	<u>(8,963)</u>	<u>(25,435)</u>
Balance, end of year	<u><u>\$ 8,194,273</u></u>	<u><u>\$ 8,194,273</u></u>

### 9. Tangible Capital Assets

	2015		2014
	Cost	Accumulated Amortization	Cost
Land	\$ 3,440,278	\$ -	\$ 3,440,278
Artwork	16,500	-	16,500
Assets under construction	275,000	-	-
Equipment			
Automotive equipment	1,066,580	741,283	774,019
Construction equipment	748,989	684,051	748,989
Other equipment	2,244,558	1,270,120	1,907,877
Communication equipment	10,375	10,082	10,375
Boating equipment	521,515	441,073	521,515
Buildings			
Community buildings	11,709,349	4,109,860	10,308,145
Band owned houses	115,168	74,236	115,168
Community buildings	129,258	36,181	129,258
Land improvements			
Infrastructure	3,083,329	847,889	3,083,329
	<u>23,360,899</u>	<u>8,214,775</u>	<u>21,055,453</u>
Social Housing	5,920,374	2,725,488	5,920,374
Assets held in other government organizations	1,696,090	34,460	682,490
	<u><u>30,977,363</u></u>	<u><u>10,974,723</u></u>	<u><u>27,658,317</u></u>
Net book value	<u><u>\$ 20,002,640</u></u>		<u><u>\$ 17,640,871</u></u>

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

**March 31, 2015**

**9. Tangible Capital Assets (continued)**

<b>2015</b>						
	Land	Artwork	Equipment	Buildings	Improvements	Land Assets under construction
	Dock					Total
Cost, beginning of year	\$ 4,327,414	\$ 16,500	\$ 4,363,178	\$ 15,867,896	\$ 3,083,329	\$ -
Additions	457,655	-	799,944	2,025,068	-	275,000
Disposals	-	-	(285,356)	-	-	-
Cost, end of year	<b>\$ 4,785,069</b>	<b>\$ 16,500</b>	<b>\$ 4,877,766</b>	<b>\$ 17,892,964</b>	<b>\$ 3,083,329</b>	<b>\$ 275,000</b>
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 3,197,681	\$ 6,063,927	\$ 755,838	\$ -
Amortization	-	-	358,871	551,617	45,621	-
Disposals	-	-	-	-	-	-
Accumulated amortization, end of year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,556,552</b>	<b>\$ 6,615,544</b>	<b>\$ 801,459</b>	<b>\$ -</b>
Net carrying amount, end of year	<b>\$ 4,785,069</b>	<b>\$ 16,500</b>	<b>\$ 1,321,214</b>	<b>\$ 11,277,420</b>	<b>\$ 2,281,870</b>	<b>\$ 275,000</b>

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

**March 31, 2015**

**9. Tangible Capital Assets (continued)**

	2014					
	Land	Artwork	Equipment	Buildings	Land Improvements	Total
Cost, beginning of year	\$ 1,066,042	\$ 16,500	\$ 3,581,286	\$ 15,646,479	\$ 3,071,338	\$ 23,381,645
Additions	3,261,372	-	781,892	221,417	11,991	4,276,672
Cost, end of year	<u>\$ 4,327,414</u>	<u>\$ 16,500</u>	<u>\$ 4,363,178</u>	<u>\$ 15,867,896</u>	<u>\$ 3,083,329</u>	<u>\$ 27,658,317</u>
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 2,534,781	\$ 5,900,518	\$ 755,838	\$ 9,191,137
Amortization	-	-	662,900	163,409	-	826,309
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,197,681</u>	<u>\$ 6,063,927</u>	<u>\$ 755,838</u>	<u>\$ 10,017,446</u>
Net carrying amount, end of year	<u><u>\$ 4,327,414</u></u>	<u><u>\$ 16,500</u></u>	<u><u>\$ 1,165,497</u></u>	<u><u>\$ 9,803,969</u></u>	<u><u>\$ 2,327,491</u></u>	<u><u>\$ 17,640,871</u></u>

# Haisla Nation Council

## Notes to Consolidated Financial Statements

**March 31, 2015**

### **10. Accumulated Surplus**

	<b>2015</b>	<b>2014</b>
(Restated)		
Operating surplus	\$134,473,008	\$ 98,583,752
Equity in investments	4,108,714	4,007,779
Equity in tangible capital assets	16,807,753	13,522,721
Equity in Ottawa trust	709,639	664,271
Contributed surplus	1,757,912	1,757,912
Equity in other government organizations	(1,557,069)	-
Restricted surplus	<u>7,479,063</u>	6,617,043
	<b>\$163,779,020</b>	<b>\$125,153,478</b>

Restricted Surplus consists of:

	<b>2015</b>	<b>2014</b>
Tax Reserve Funds	\$ 2,379,063	\$ 1,412,043
Members' Trust	5,000,000	5,000,000
Haisla Legacy Fund	<u>100,000</u>	205,000
	<b>\$ 7,479,063</b>	<b>\$ 6,617,043</b>

### **11. Investments in Nation business entities**

The Nation has investments in the following entities:

	<b>2015</b>	<b>2014</b>
Investments in regional LNG partnerships	\$ 3,746,153	\$ 3,906,149
Investments in regional LNG joint ventures	<u>1,762,680</u>	1,871,901
Total investment in Nation business entities	<b><u>\$ 5,508,833</u></b>	<b>\$ 5,778,050</b>

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:

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2015**

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

				2015	2014
				Total	Total
				Earnings (Loss)	Earnings (Loss)
	Assets	Liabilities	Net Assets	Revenue	Expenses
Investment in Nation business entities	\$ 44,642,546	\$ 12,291,589	\$ 32,350,957	\$ 102,687,398	\$ 74,263,696
					\$ 28,423,702
					\$ 91,095,838

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2015**

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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 Haisla Nation Council's business activities:

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Investments in regional LNG partnerships	April 1, 2014 - March 31, 2015
Investments in regional LNG joint ventures	April 1, 2014 - March 31, 2015

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

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

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

Haisla Nation Council has an approved 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. 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, 2015, the Replacement Reserve was underfunded by \$273,246 (2014 - overfunded by \$180,552).

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#### **15. Commitments and Contingent Liabilities**

The council has guaranteed loans for Band members for the year ended March 31, 2015 in the amount of \$204,987 (2014 - \$253,443). These loans are in addition to the Canada Mortgage and Housing loans for Social Housing that are reflected as liabilities in these consolidated financial statements.

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#### **16. 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 \$145,938 (2014 - \$130,604).

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## Haisla Nation Council

### Notes to Consolidated Financial Statements

**March 31, 2015**

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#### **17. Prior Period Adjustment**

During the year, the previous year's opening equity has been adjusted for a contracted amount that was previously unrecorded. Although the cash was received, the revenue was not recorded in 2013 in accordance with Haisla Nation Council revenue recognition policies. As a result, the opening equities have been adjusted to reflect this amount. Opening equity and cash have been increased by \$1,611,100. Changes to accumulated surplus are as follows:

	<b>2014</b>
Accumulated surplus, end of year, as previously stated	\$ 123,542,378
Prior period adjustment	<u>1,611,100</u>
	<hr/>
Accumulated surplus, end of year, restated	\$ 125,153,478
	<hr/>

As a result of Canada Mortgage and Housing Corporation (CMHC) review of the file, the previous year's replacement reserve has been adjusted to reflect the change in the reserve due to the payout of phases in Pre 1997 Social Housing. This resulted in an increase to revenue of \$103,625.

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#### **18. Subsequent Events**

Subsequent to year end, Haisla Nation Council contributed \$4,400,000 to a new limited partnership.

In addition, subsequent to year end, Haisla Nation Council distributed a Haisla Elders Recognition Compensation payment in the amount of \$3,945,000.

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

	<b>2015</b>	<b>2014</b>
Amortization	\$ 957,277	\$ 826,309
Salaries and benefits	5,100,907	4,186,007
Supplies of goods and services	<u>23,174,815</u>	<u>17,623,314</u>
	<hr/>	<hr/>
	\$ 29,232,999	\$ 22,635,630

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# **Haisla Nation Council**

## **Notes to Consolidated Financial Statements**

**March 31, 2015**

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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, 2015**

**20. Segment Disclosure  
(continued)**

		2015						2014					
		Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Treaty Related Matters	Capital	Total	
<b>Revenue</b>													
AANDC	\$ 690,885	\$ 1,101,014	\$ 294,716	\$ 2,282,216	\$ 103,280	\$ -	\$ -	\$ -	\$ 694,624	\$ 5,166,735			
Other	28,311,634	-	101,684	813,385	24,681,934	1,445,165	265,086	739,928	6,785,763	-	63,144,579		
	<b>29,002,519</b>	<b>1,101,014</b>	<b>396,400</b>	<b>3,095,601</b>	<b>24,785,214</b>	<b>1,445,165</b>	<b>265,086</b>	<b>739,928</b>	<b>6,785,763</b>	<b>694,624</b>	<b>68,311,314</b>		
<b>Expenses</b>													
Payroll	2,523,546	289,505	560,913	851,665	176,856	493,903	145,032	283,358	4	-	5,324,782		
Other	5,732,839	379,038	631,093	2,711,599	11,667,381	805,210	156,461	775,058	9,144	83,117	22,950,940		
Amortization	34,460	-	755,928	-	-	-	166,889	-	-	-	957,277		
	<b>8,290,845</b>	<b>668,543</b>	<b>1,947,934</b>	<b>3,563,264</b>	<b>11,844,237</b>	<b>1,299,113</b>	<b>468,382</b>	<b>1,058,416</b>	<b>9,148</b>	<b>83,117</b>	<b>29,232,999</b>		
<b>Surplus (deficit)</b>	<b>\$ 20,711,674</b>	<b>\$ 432,471</b>	<b>\$ (1,551,534)</b>	<b>\$ (467,663)</b>	<b>\$ 12,940,977</b>	<b>\$ 146,052</b>	<b>\$ (203,296)</b>	<b>\$ (318,488)</b>	<b>\$ 6,776,615</b>	<b>\$ 611,507</b>	<b>\$ 39,078,315</b>		

		2014						2013					
		Administration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Social Housing	Natural Resource Management	Treaty Related Matters	Capital	Total	
<b>Revenue</b>													
AANDC	\$ 609,300	\$ 1,012,236	\$ 323,842	\$ 2,347,201	\$ 10,578	\$ -	\$ -	\$ -	\$ -	\$ 850,754	\$ 5,243,911		
Other	19,986,674	22,570	265,288	507,905	14,451,053	1,318,842	597,913	609,560	3,187,204	(55,215)	40,891,794		
	<b>20,595,974</b>	<b>1,034,806</b>	<b>589,130</b>	<b>2,855,106</b>	<b>14,551,631</b>	<b>1,318,842</b>	<b>597,913</b>	<b>609,560</b>	<b>3,187,204</b>	<b>795,539</b>	<b>46,135,705</b>		
<b>Expenses</b>													
Payroll	1,947,534	220,614	557,284	841,640	103,478	469,111	99,686	133,468	9	-	4,372,824		
Other	6,778,793	439,421	647,274	2,124,455	5,788,181	696,112	200,603	564,563	26,157	170,938	17,436,497		
Amortization	-	662,900	-	-	-	163,409	-	-	-	-	826,309		
	<b>8,726,327</b>	<b>660,035</b>	<b>1,867,458</b>	<b>2,966,095</b>	<b>5,891,659</b>	<b>1,165,223</b>	<b>463,698</b>	<b>698,031</b>	<b>26,166</b>	<b>170,938</b>	<b>22,635,630</b>		
<b>Surplus (deficit)</b>	<b>\$ 11,869,647</b>	<b>\$ 374,771</b>	<b>\$ (1,278,328)</b>	<b>\$ (110,989)</b>	<b>\$ 8,659,972</b>	<b>\$ 153,619</b>	<b>\$ 134,215</b>	<b>\$ (88,471)</b>	<b>\$ 3,161,038</b>	<b>\$ 624,601</b>	<b>\$ 23,500,075</b>		