

**Huu-ay-aht First Nations
Consolidated Financial Statements**
March 31, 2014

Huu-ay-aht First Nations Contents

For the year ended March 31, 2014

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Management's Responsibility

To the Citizens of Huu-ay-aht First Nations:


Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

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

MNP LLP is appointed by the Executive Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Executive Council and management to discuss their audit findings.

August 28, 2014


Executive Director

Independent Auditors' Report

To the Citizens of Huu-ay-aht First Nations:

We have audited the accompanying consolidated financial statements of Huu-ay-aht First Nations, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Huu-ay-aht First Nations as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Nanaimo, British Columbia


August 28, 2014

MNP LLP
Chartered Accountants

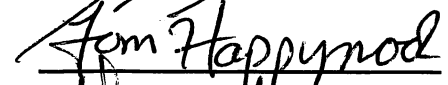
Huu-ay-aht First Nations
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013 <i>(Restated - Note 12)</i>
Financial assets		
Cash resources	2,529,310	4,923,987
Restricted cash (Note 3)	41,853	29,484
Invested Wealth Fund (Note 4)	9,664,121	3,407,165
Settlement Trust (Note 5)	2,442,628	1,047,593
Accounts receivable (Note 6)	786,186	645,084
Investments in government partnerships (Note 7)	284,687	162,663
Investment in government business entities (Note 7)	4,476,658	1,228,117
Total of financial assets	20,225,443	11,444,093
Liabilities		
Accounts payable and accruals	529,222	411,427
Deferred revenue	42,822	44,502
Long-term debt (Note 9)	2,991,950	3,401,564
Total liabilities	3,563,994	3,857,493
Net financial assets	16,661,449	7,586,600
Contingency (Note 16)		
Non-financial assets		
Tangible capital assets (Schedule 1)	13,097,941	13,659,340
Prepaid expenses	24,782	21,488
Total non-financial assets	13,122,723	13,680,828
Accumulated surplus (Note 10)	29,784,172	21,267,428

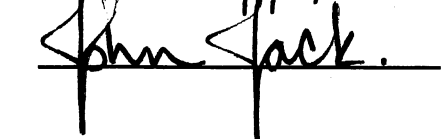
Approved on behalf of the Executive Council



 Chief



 Councillor

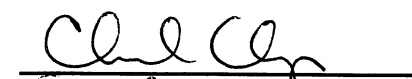


 Councillor


Chief

Councillor


Councillor



 Councillor



 Councillor



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Councillor

Councillor

Councillor

The accompanying notes are an integral part of these financial statements

Huu-ay-aht First Nations

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2014

	Schedules	2014 Budget (Note 17)	2014	2013 (Restated - Note 12)
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 15)		9,127,964	9,584,293	9,548,058
Province of British Columbia		200,000	247,428	244,304
Nuu-chah-nulth Tribal Council		-	162,381	195,279
Canada Mortgage and Housing Corporation		-	9,989	9,989
First Nations Education Steering Committee		-	23,372	9,830
Investment income		700,000	296,524	96,557
Cost recoveries		-	36,835	29,160
Rental income		-	16,008	15,512
Earnings (loss) from investment in Nation business entities		-	2,641,891	(406,446)
Other revenue		-	736,663	109,622
		10,027,964	13,755,384	9,851,865
Expenses				
Finance and Government	3	1,850,346	2,730,946	2,354,552
Human Services	4	998,385	1,111,573	1,193,833
Lands and Natural Resources	5	504,222	777,590	911,292
Public Works and Community Infrastructure	6	338,040	618,531	937,514
		3,690,993	5,238,640	5,397,191
		6,336,971	8,516,744	4,454,674
Accumulated surplus, beginning of year, as previously stated		21,267,428	21,104,765	16,812,754
Correction of an error (Note 12)		-	162,663	-
Accumulated surplus, beginning of year, as restated		21,267,428	21,267,428	16,812,754
Accumulated surplus, end of year		27,604,399	29,784,172	21,267,428

The accompanying notes are an integral part of these financial statements

Huu-ay-aht First Nations
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	2014 Budget (Note 17)	2014	2013 (Restated - Note 12)
Annual operating surplus	6,336,971	8,516,744	4,454,674
Purchases of tangible capital assets	(400,000)	(128,345)	(303,636)
Amortization of tangible capital assets	-	689,744	767,945
Acquisition of prepaid expenses	-	(3,294)	(13,037)
Increase in net financial assets	5,936,971	9,074,849	4,905,946
Net financial assets, beginning of year	7,586,600	7,586,600	2,680,654
Net financial assets, end of year	13,523,571	16,661,449	7,586,600

The accompanying notes are an integral part of these financial statements

Huu-ay-aht First Nations
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013 (Restated - Note 12)
Cash provided by (used for) the following activities		
Operating activities		
Surplus	8,516,744	4,454,674
Non-cash items		
Amortization	689,744	767,945
Bad debts	13,219	2,057
(Gain)/loss from investments in Nation business	(2,641,891)	406,446
Invested Wealth Fund income	(248,396)	-
Settlement Trust Fund income	(51,343)	-
Realized losses on investments	80,869	-
	6,358,946	5,631,122
Changes in working capital accounts		
Accounts receivable	(101,912)	1,383,202
Prepaid expenses	(3,294)	(13,037)
Accounts payable and accruals	117,795	(765,481)
Deferred revenue	(1,680)	(8,165)
	6,369,855	6,227,641
Financing activities		
Repayment of long-term debt	(409,614)	(391,935)
Capital activities		
Purchases of tangible capital assets	(128,345)	(303,636)
Investing activities		
Investment in Nation business entities	(737,000)	(803,399)
Contribution to Invested Wealth Fund	(6,115,316)	-
Contribution to Settlement Trust	(1,361,888)	(30,726)
(Increase) decrease in restricted cash	(12,369)	6,003
	(8,226,573)	(828,122)
Increase (decrease) in cash resources	(2,394,677)	4,703,948
Cash resources, beginning of year	4,923,987	220,039
Cash resources, end of year	2,529,310	4,923,987
Supplementary cash flow information		
Interest received	72,516	59,293
Interest paid	198,830	176,201

The accompanying notes are an integral part of these financial statements

Huu-ay-aht First Nations

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

1. Operations

The Huu-ay-aht First Nations (the "First Nation") is located in the province of British Columbia, and provides various services to its citizens. Huu-ay-aht First Nations includes the Nation's citizens, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities. Trusts administered on behalf of third parties by Huu-ay-aht First Nations are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Finance and Government
- Human Services
- Lands and Natural Resources
- Public Works and Community Infrastructure

All inter-entity balances have been eliminated on consolidation.

Huu-ay-aht First Nations business entities, owned or controlled by the First Nation's Executive Council but not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- HFN Development Limited Partnership and its General Partner, Huu-ay-aht Economic Development Corp. (Wholly owned)
- Nuu-chah-nulth Seafood Limited Partnership (16.63% ownership)

The First Nation indirectly owns the following entities through its investment in HFN Development Limited Partnership and 0906155 B.C. Ltd.

- HFN Management Limited Partnership and its General Partner, Huu-ay-aht Economic Development Corp.
- HFN Forestry Limited Partnership and its General Partner, 0568157 B.C. Ltd.
- HFN Fisheries Limited Partnership and its General Partner, 0582721 B.C. Ltd.
- HFN Gravel Limited Partnership and its General Partner, 0845887 B.C. Ltd.
- HFN Lands Limited Partnership and its General Partner, Huu-ay-aht Nisma Land Corp.
- HFN Market Limited Partnership and its General Partner, 0964688 B.C. Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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

Tangible capital assets

Tangible capital assets exceeding \$1,000 are initially recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the right of the Nation, such as treaty settlement lands, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

Tangible capital assets are amortized annually using the following methods and rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates.

	Method	Rate
Buildings	straight-line	10 - 25 years
Boats and rafts	straight-line	7 years
Computer equipment	straight-line	3 years
Equipment	straight-line	5 - 20 years
Community housing	straight-line	20 years
Utilities	straight-line	20 years
Docks and floats	straight-line	10 years
Vehicles	straight-line	7 years

Long-lived assets

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

Revenue recognition

Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Investment income

Investment income is recognized by the Nation when the investment income is earned.

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

Segments

The First Nation conducts its business through four reportable segments as described in Note 11. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Financial instruments

The First Nation's financial instruments consist of cash resources, restricted cash, Invested Wealth Fund, Settlement Trust, accounts receivable, accounts payable and accruals and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments.

Recent accounting pronouncements

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect of the new section in its consolidated financial statements.

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. This will result in recording both the Invested Wealth Fund and Settlement Trust at fair value instead of cost.

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Restricted cash

Replacement reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited in the amount of \$3,000 (2013 - \$3,000) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year-end, this reserve was adequately funded (2013 - adequately funded).

Operating reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC), excess revenues over expenditures may be retained in an operating reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used to offset future deficits. At year-end, this reserve was underfunded by \$3,909 (2013 - adequately funded).

	2014	2013
Replacement reserve	29,738	12,814
Operating reserve	12,115	16,670
	41,853	29,484

4. Invested Wealth Fund

As a result of treaty settlement, the First Nation transferred \$6,115,316 (2013 - \$nil) received from various government organizations into an Invested Wealth Fund. The purpose of this fund is to provide the First Nation with perpetual investment income to help fund the increased administrative activities required to operate a self-governing body. As at March 31, 2014, the fair value of the investments held in the Fund is \$10,355,618 (2013 - \$3,620,565).

5. Settlement Trust

During the 2014 fiscal year, the First Nation transferred \$1,361,888 (2013 - \$nil) to the Huu-ay-aht Settlement Trust. The purpose of the trust is to hold and protect capital transfers and resource revenues intended for its beneficiaries. As at March 31, 2014, the fair market value of the investments held in the Trust is \$2,611,247 (2013 - \$1,112,418).

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Accounts receivable

	2014	2013
Due from HFN Forestry Limited Partnership (stumpage)	656,378	-
Aboriginal Affairs and Northern Development Canada	-	322,313
CMHC subsidy assistance receivable	832	832
Rent receivable	1,143	832
Interest receivable	393	691
GST/PST receivable	101,345	261,260
Other	26,095	59,156
	786,186	645,084

7. Investment in government business entities

The First Nation has investments in the following entities:

	Investment cost	Loans / advances (draws)	Share of earnings (loss)	2014 Total investment
Wholly-owned Businesses:				
HFN Development Limited Partnership	1,242,113	737,000	2,527,665	4,506,778
Huu-ay-aht Economic Development Corp.	(13,996)	(8,326)	(7,798)	(30,120)
	1,228,117	728,674	2,519,867	4,476,658
First Nation Business Partnerships – Modified Equity:				
Nuu-chah-nulth Seafoods Limited Partnership - 16.63%	162,663	(100)	122,124	284,687
	1,390,780	728,574	2,641,991	4,761,345

	Investment cost	Loans / advances (draws)	Share of earnings (loss)	2013 (Restated - Note 12) Total investment
Wholly-owned Businesses:				
HFN Development Limited Partnership	966,009	1,284,639	(1,008,535)	1,242,113
Huu-ay-aht Economic Development Corp.	115	-	(14,111)	(13,996)
	966,124	1,284,639	(1,022,646)	1,228,117
First Nation Business Partnerships – Modified Equity:				
Nuu-chah-nulth Seafoods Limited Partnership	100	-	162,563	162,663
	966,224	1,284,639	(860,083)	1,390,780

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Investment in Nation business entities *(Continued from previous page)*

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

	<i>HFN Development Limited Partnership As at March 31, 2014</i>	<i>Huu-ay-aht Economic Development Corp. As at March 31, 2014</i>	<i>Nuu-chah-nulth Seafood Limited Partnership As at December 31, 2013</i>
Assets			
Cash	125,864	389,473	1,195,669
Accounts receivable	1,535	3,510	1,974
Term deposits	-	-	508,654
Investments	3,922,423	-	-
Inventory	-	9,058	-
Due from partner	105,000	-	-
Due from related parties	-	-	5,000
Total assets	4,154,822	402,041	1,711,297
Liabilities			
Accounts payable and accruals	3,945	14,907	3,000
Partnership liability	-	12,370	-
Deferred revenue	-	404,883	-
Advances from related party	2,173	1	-
Total liabilities	6,118	432,161	3,000
Partners' Capital / Shareholder's Deficit			
	4,148,704	(30,120)	1,708,297
Total revenue	2,546,708	160,851	762,649
Total expenses	19,043	168,649	29,829
Net income (loss)	2,527,665	(7,798)	732,820

8. Credit facility

At March 31, 2014, the First Nation has an available revolving demand facility with a credit limit of \$1,000,000, bearing interest at Royal Bank prime, of which no amount (2013 - \$nil) was outstanding at year-end. A general security agreement covering all assets of the First Nation is pledged for this credit facility, in addition to a first charge on all inventory and a band council resolution.

The credit facility also requires that the First Nation provide annual audited financial statements to the creditor within 120 days of each fiscal year end. As at March 31, 2014, the First Nation was in violation of this covenant. It is management's view that the Company will not violate covenants at future compliance dates within one year of the balance sheet date.

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. Long-term debt

	2014	2013
All Nations Trust Company, repayable at \$1,183 per month including interest at 2.61% per annum, renewing on September 1, 2014, maturing on June 1, 2029, secured by the guarantee of the First Nations and community housing with a net book value of \$250,096	178,685	188,126
Aboriginal Affairs and Northern Development Canada, repayable in annual instalments of \$546,224 including interest of 4.545% per annum, due April 1, 2020 and secured by an assignment of funding from Aboriginal Affairs and Northern Development Canada	2,813,265	3,213,438
	2,991,950	3,401,564
Less: current portion	428,010	409,614
	2,563,940	2,991,950

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

	Principal	Interest	Total
2015	428,010	132,415	560,425
2016	447,280	113,145	560,425
2017	467,419	93,006	560,425
2018	488,471	71,954	560,425
2019	510,473	49,952	560,425
	2,341,653	460,472	2,802,125
Thereafter	650,297	41,819	692,116

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

10. Accumulated surplus

The First Nation uses fund accounting procedures that result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Huu-ay-aht First Nation maintains the following funds:

- Operating fund reports on the general activities of the First Nation administration
- Settlement Fund reports on the funds held in the Settlement Trust
- Invested Wealth Fund reports on the funds held in the Invested Wealth Fund
- Tangible capital assets fund reports on the tangible capital assets of the First Nation, with any related capital financing
- Investment in business entities fund reports on the First Nation's investments in related business entities
- Replacement and operating reserve fund reports on the First Nation's replacement and operating reserves maintained as a requirement of Canada Mortgage and Housing Corporation

Accumulated surplus consists of the following:

	2014	2013 <i>(Restated - Note 12)</i>
Equity in operating fund	(27,932)	1,921,192
Equity in Settlement Fund (Note 5)	2,442,628	1,047,593
Equity in Invested Wealth Fund (Note 4)	9,664,121	3,407,165
Equity in tangible capital assets	12,919,269	13,471,214
Investment in business entities (Note 7)	4,761,345	1,390,780
Replacement and operating reserves (Note 3)	24,741	29,484
	29,784,172	21,267,428

11. Segments

The First Nation receives revenues and incurs expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by segments. Schedules 3 to 6 disclose the details of the Nation's revenues and expenses by segment. The First Nation is organized into the following segments:

- *Finance and Government Services* - this department provides the structure of government and legislation for the First Nation as well as the administrative services needed to support the government operations, including the Executive Council, People's Assembly, Committees of Council, Executive Director, financial and human resource services and treaty implementation.
- *Human Services* - this department is responsible to provide programs that support the Citizens of Huu-ay-aht First Nations, which include community health services, social services, childcare services and education services.
- *Public Works and Community Infrastructure* - this department is responsible for the management of public works and capital infrastructure including maintenance of capital infrastructure, provision of residential services in the Anacla community and operation of the House of Huu-ay-aht and the multi-use building.
- *Lands and Natural Resources* - this department is responsible for the management of government lands and natural resources, including the management of fisheries, forest harvesting and other uses of the land base, identification and protection of cultural sites and acquisition and distribution of cultural food.

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Correction of an error

During the year, the First Nation determined that a 16.63% investment in Nuu-chah-nulth Seafood Limited Partnership had not been recorded in the 2013 fiscal year. A correction of error of the equity picked up by the First Nation in 2013 resulted in the following:

	2013 balance, as previously reported	Adjustments	2013 balance, as restated
Earnings (loss) from investment in Nation businesses	(\$569,109)	\$162,663	(\$406,446)
Investment in government partnerships	\$0	\$162,663	\$162,663
Accumulated surplus, end of year	\$21,104,765	\$162,663	\$21,267,428

13. Comparative figures

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

14. Economic dependence

Huu-ay-aht First Nations receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Huu-ay-aht First Nations Fiscal Financing Agreement. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

15. Aboriginal Affairs and Northern Development Canada funding reconciliation

	2014	2013
AANDC revenue per confirmation	9,590,293	9,612,623
Less: recapture of 2004/2005 funds	(6,000)	(53,996)
Less: recapture of renovation funds	-	(2,569)
Less: recapture of business development funds	-	(8,000)
	9,584,293	9,548,058

16. Contingency

At the time the First Nation received a First Nation Woodlands Licence from the Province of British Columbia, the First Nation was required to apply for road permits. The eventual transfer of the road permits came with an obligation to deactivate permitted roads with either no deactivation work completed or roads deactivated requiring further work. The Tenure Agreement included an estimated cost of deactivation of \$350,000. HFN Forestry Limited Partnership has agreed to be responsible for this deactivation process and to incur the costs associated with this process over the next five years, however, should HFN Forestry Limited Partnership fail to satisfy this obligation, the First Nation would be held ultimately responsible for this liability.

Huu-ay-aht First Nations
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

17. Budget Figures

The disclosed budget information has been approved by the Executive Council of Huu-ay-aht First Nations at the Executive Council meeting held on February 13, 2013. The following is a reconciliation of the approved budgeted surplus for the year from the budgeted surplus shown on the consolidated statements of operations and accumulated surplus in accordance with Canadian public sector accounting standards.

	<i>2014 Budget</i>
Budgeted surplus for the year (Page 2)	6,336,971
Less: Contribution to Settlement Trust	(1,000,000)
Less: Contribution to Investment Wealth Fund	(3,686,971)
Less: Contingency	(300,000)
Less: Capital purchases	(400,000)
Less: Loan repayments	(530,000)
Less: Investment in Nation businesses	(420,000)
<hr/>	
Budgeted surplus for the year, per Executive Council	-

Huu-ay-aht First Nations
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Land</i>	<i>Buildings</i>	<i>Boats and rafts</i>	<i>Computer equipment</i>	<i>Equipment</i>	<i>Community housing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	3,529,671	8,443,733	80,368	106,718	559,296	985,830	13,705,616
Acquisition of tangible capital assets	-	8,870	21,524	25,918	14,786	-	71,098
Balance, end of year	3,529,671	8,452,603	101,892	132,636	574,082	985,830	13,776,714
Accumulated amortization							
Balance, beginning of year	-	2,586,485	64,872	78,067	412,909	642,357	3,784,690
Annual amortization	-	316,750	4,773	32,516	41,978	42,581	438,598
Balance, end of year	-	2,903,235	69,645	110,583	454,887	684,938	4,223,288
Net book value of tangible capital assets	3,529,671	5,549,368	32,247	22,053	119,195	300,892	9,553,426
2013 Net book value of tangible capital assets	3,529,671	5,857,248	15,496	28,651	146,387	343,473	9,920,926

Huu-ay-aht First Nations
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2014

	<i>Subtotal</i>	<i>Utilities</i>	<i>Docks and floats</i>	<i>Vehicles</i>	<i>2014</i>	<i>2013</i>
						<i>(Restated - Note 12)</i>
Cost						
Balance, beginning of year	13,705,616	4,294,604	310,763	149,921	18,460,904	18,157,268
Acquisition of tangible capital assets	71,098	14,927	42,320	-	128,345	303,636
Balance, end of year	13,776,714	4,309,531	353,083	149,921	18,589,249	18,460,904
Accumulated amortization						
Balance, beginning of year	3,784,690	746,642	213,267	56,965	4,801,564	4,033,619
Annual amortization	438,598	215,104	17,674	18,368	689,744	767,945
Balance, end of year	4,223,288	961,746	230,941	75,333	5,491,308	4,801,564
Net book value of tangible capital assets	9,553,426	3,347,785	122,142	74,588	13,097,941	13,659,340
2013 Net book value of tangible capital assets	9,920,926	3,547,962	97,496	92,956	13,659,340	

Huu-ay-aht First Nations
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2014

	2014 <i>Budget</i>	2014	2013 <i>(Restated - Note 12)</i>
Consolidated expenses by object			
Aboriginal Affairs and Northern Development Canada allocation	31,000	-	-
Administration fees	-	2,400	2,400
Amortization	-	689,744	767,945
Bad debts	-	13,219	2,057
Community donations	1,500	2,658	419
Consulting	-	2,000	179,688
Disbursements - Elders' benefits	115,000	127,650	111,000
Elders firewood	6,000	6,843	-
Funeral	10,000	11,231	6,011
Furniture and equipment	25,000	2,587	7,752
Honoraria	26,300	28,914	32,326
Insurance	108,800	59,329	40,557
Interest on long-term debt	-	198,830	176,262
Maa-Nulth allocation	160,000	159,796	177,379
Materials and supplies	59,400	26,942	50,408
Medical supplies and prescriptions	8,000	5,755	5,957
Meeting	90,136	50,055	53,756
Miscellaneous	18,200	19,398	22,787
Non-refundable sales tax	-	-	2,547
Office equipment lease	18,000	8,724	9,322
Office supplies	24,749	46,289	43,424
Professional development	87,500	40,118	16,383
Professional fees	135,000	374,756	404,120
Program expense	304,950	274,038	141,214
Property tax	7,900	6,440	8,392
Reimbursement for dispute settlement	-	-	2,500
Rent	34,000	38,675	38,120
Repairs and maintenance	77,650	45,028	80,932
Salaries and benefits	1,964,157	2,151,504	2,101,766
Social assistance	95,500	93,888	78,959
Subcontracts	14,601	400,067	397,399
Telephone	42,850	49,053	49,865
Travel	47,600	98,468	105,842
Treaty support	-	11,565	49,350
Tribunal costs	10,000	70,342	95,225
Tuition	90,000	32,556	43,792
Utilities	77,200	89,778	91,335
	3,690,993	5,238,640	5,397,191

Huu-ay-aht First Nations
Finance and Government
Schedule 3 - Schedule of Revenue, Expenses and Surplus
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013 (Restated - Note 12)</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	7,297,317	7,753,646	6,866,292
Province of British Columbia	200,000	247,428	244,304
First Nations Education Steering Committee	-	18,600	-
Earnings (loss) from investment in Nation business entities	-	2,641,891	(406,446)
Investment income	700,000	296,231	95,665
Cost recoveries	-	14,211	13,328
Other revenue	-	110	12,797
	8,197,317	10,972,117	6,825,940
Expenses			
Amortization	-	101,275	107,995
Bad debts	-	12,387	172
Community donations	1,500	2,658	419
Consulting	-	-	10,340
Furniture and equipment	-	-	393
Honoraria	20,300	16,838	19,977
Insurance	75,000	33,989	14,751
Interest on long-term debt	1,000	194,031	171,221
Maa-Nulth allocation	160,000	159,796	177,379
Materials and supplies	14,500	306	4,809
Meeting	70,287	48,912	51,669
Miscellaneous	31,000	8,498	5,744
Non-refundable sales tax	-	-	2,547
Office equipment lease	18,000	7,407	8,505
Office supplies	8,550	25,175	32,862
Professional development	45,000	22,624	5,448
Professional fees	135,000	374,756	351,854
Property tax	5,400	6,440	6,081
Reimbursement for dispute settlement	-	-	2,500
Rent	34,000	38,675	37,996
Repairs and maintenance	20,000	9,344	5,629
Salaries and benefits	1,106,609	1,216,889	1,056,128
Subcontracts	9,600	236,476	25,310
Telephone	35,000	44,180	39,064
Travel	25,000	48,202	44,252
Treaty support	-	11,565	49,350
Tribunal costs	10,000	70,342	95,225
Utilities	24,600	40,181	26,932
	1,850,346	2,730,946	2,354,552
Surplus	6,346,971	8,241,171	4,471,388

Huu-ay-aht First Nations
Human Services
Schedule 4 - Schedule of Revenue, Expenses and Deficit
For the year ended March 31, 2014

	<i>2014</i> <i>Budget</i>	<i>2014</i>	<i>2013</i> <i>(Restated -</i> <i>Note 12)</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	988,385	988,385	1,107,607
Nuu-chah-nulth Tribal Council	-	147,686	156,894
First Nations Education Steering Committee	-	4,772	9,830
Cost recoveries	-	20,243	9,498
Other revenue	-	11,441	21,808
	988,385	1,172,527	1,305,637
Expenses			
Amortization	-	33,140	33,140
Bad debts	-	-	44
Disbursements - Elders' benefits	115,000	127,650	111,000
Funeral	10,000	11,231	6,011
Furniture and equipment	-	-	1,005
Honoraria	6,000	12,076	12,349
Insurance	1,200	1,200	2,405
Materials and supplies	30,000	14,220	23,846
Medical supplies and prescriptions	8,000	5,755	5,957
Meeting	13,650	1,143	2,087
Miscellaneous	5,000	488	1,956
Professional development	17,500	11,712	4,492
Program expense	243,350	215,349	85,728
Repairs and maintenance	7,250	4,853	7,767
Salaries and benefits	336,385	338,376	385,749
Social assistance	95,500	93,888	78,959
Subcontracts	-	156,785	327,762
Telephone	4,050	2,460	5,630
Travel	14,000	46,657	50,251
Tuition	90,000	32,556	43,792
Utilities	1,500	2,034	3,903
	998,385	1,111,573	1,193,833
Surplus	(10,000)	60,954	111,804

**Huu-ay-aht First Nations
Lands and Natural Resources**
Schedule 5 - Schedule of Revenue, Expenses and Deficit
For the year ended March 31, 2014

	2014 Budget	2014	2013 (Restated - Note 12)
Revenue			
Aboriginal Affairs and Northern Development Canada	504,222	504,222	725,058
Nuu-chah-nulth Tribal Council	-	-	25,426
Other revenue	-	725,112	74,479
Cost recoveries	-	1,323	3,840
	504,222	1,230,657	828,803
Expenses			
Amortization	-	236,334	237,529
Bad debts	-	-	1,105
Consulting	-	2,000	11,230
Furniture and equipment	25,000	2,587	5,547
Insurance	7,600	7,600	4,864
Materials and supplies	7,400	7,677	10,294
Miscellaneous	1,200	177	387
Office equipment lease	-	1,316	817
Office supplies	5,900	21,114	10,216
Professional development	10,000	3,244	3,498
Professional fees	-	-	50,286
Program expense	61,600	58,689	55,485
Property tax	2,500	-	2,311
Rent	-	-	123
Repairs and maintenance	13,500	7,239	30,874
Salaries and benefits	344,122	409,982	424,584
Subcontracts	5,000	5,800	33,200
Telephone	3,200	1,709	3,788
Travel	5,600	2,686	7,185
Utilities	11,600	9,436	17,969
	504,222	777,590	911,292
Surplus (deficit)	-	453,067	(82,489)

Huu-ay-aht First Nations
Public Works and Community Infrastructure
Schedule 6 - Schedule of Revenue, Expenses and Deficit
For the year ended March 31, 2014

	2014 <i>Budget</i>	2014	2013 <i>(Restated - Note 12)</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	338,040	338,040	849,101
Nuu-chah-nulth Tribal Council	-	14,695	12,959
Canada Mortgage and Housing Corporation	-	9,989	9,989
Rental income	-	16,008	15,512
Cost recoveries	-	1,058	2,495
Investment income	-	293	891
Other revenue	-	-	538
	338,040	380,083	891,485
Expenses			
Administration fees	-	2,400	2,400
Amortization	-	318,995	389,281
Bad debts	-	832	736
Consulting	-	-	158,118
Elders firewood	6,000	6,843	-
Furniture and equipment	-	-	807
Insurance	25,500	16,540	18,537
Interest on long-term debt	-	4,799	5,041
Materials and supplies	17,500	4,740	11,459
Miscellaneous	12,000	10,234	14,700
Office supplies	-	-	346
Professional development	20,000	2,538	2,944
Professional fees	-	-	1,980
Repairs and maintenance	36,900	23,592	36,661
Salaries and benefits	177,040	186,257	235,305
Subcontracts	-	1,080	11,130
Telephone	600	704	1,383
Travel	3,000	922	4,155
Utilities	39,500	38,055	42,531
	338,040	618,531	937,514
Deficit	-	(238,448)	(46,029)