

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
Statement of Management Responsibility

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial statements for the year ending March 31, 2014 and the accompanying notes rests with the management of Aboriginal Affairs and Northern Development Canada (AANDC). These future-oriented financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the appropriateness of the assumptions on which these future-oriented financial statements have been prepared. These statements are based on the best information available and assumptions adopted as at December 31, 2012, and reflect the plans described in the Report on Plans and Priorities.

At the time of preparation of these statements, management believes the estimates and assumptions to be fair and reasonable. However, as with all such estimates and assumptions, there is a measure of uncertainty. Actual results for the fiscal years covered in the accompanying future-oriented financial statements will vary from the information presented and these variations may be material.

Original Signed By Michael Wernick

Michael Wernick
Deputy Minister

Gatineau, Canada
January 31, 2013

Original Signed By Susan MacGowan

Susan MacGowan, CMA
Chief Financial Officer

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
Future-Oriented Statement of Financial Position (*Unaudited*)
As at March 31

(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Liabilities		
Accounts payable and accrued liabilities (note 6)	506,710	611,512
Vacation pay and compensatory leave	18,047	19,145
Other liabilities (note 7)	90,832	83,445
Trust accounts (note 8)	979,704	944,880
Settled claims (note 9)	348,666	433,178
Provision for claims and litigation (note 10)	9,976,333	10,504,729
Environmental liabilities (note 10)	2,175,700	2,347,576
Provision for loan guarantees (note 10)	1,555	1,555
Employee future benefits (note 11)	22,117	29,334
Total liabilities	14,119,664	14,975,354
Financial assets		
Due from the Consolidated Revenue Fund	1,565,384	1,623,317
Accounts receivable and advances (note 12)	52,045	56,527
Interest receivable (note 13)	1,233	1,290
Loans receivable (note 14)	842,585	811,774
Total gross financial assets	2,461,247	2,492,908
Financial assets held on behalf of Government		
Interest receivable (note 13)	(1,233)	(1,290)
Loans receivable (note 14)	(842,585)	(811,774)
Total financial assets held on behalf of Government	(843,818)	(813,064)
Total net financial assets	1,617,429	1,679,844
Departmental net debt	12,502,235	13,295,510
Non-financial assets		
Land held for future claims settlements (note 15)	38,349	32,388
Tangible capital assets (note 16)	78,804	65,127
Total non-financial assets	117,153	97,515
Departmental net financial position (note 17)	(12,385,082)	(13,197,995)

Information for the year ended March 31, 2013 includes actual amounts from April 1 to November 30, 2012.

Contingent liabilities (note 10)

Contractual obligations (note 18)

The accompanying notes form an integral part of these financial statements.

Original Signed By Michael Wernick

Original Signed By Susan MacGowan

Michael Wernick
Deputy Minister

Susan MacGowan, CMA
Chief Financial Officer

Gatineau, Canada
 January 31, 2013

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

Future-Oriented Statement of Operations and Departmental Net Financial Position (*Unaudited*)

For the Year Ended March 31

(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Expenses		
People	3,570,137	3,723,754
Land and Economy	1,537,896	1,410,959
Government	1,487,532	2,079,323
Internal Services	275,248	326,157
North	250,041	320,774
Expenses incurred on behalf of Government	(7,627)	(7,627)
Total expenses	7,113,227	7,853,340
Revenues		
Resource royalties	64,733	65,388
Norman Wells project profits	91,183	94,334
Miscellaneous	2,438	2,437
Interest on loans	6,943	6,943
Leases and rentals	1,873	1,873
Finance and administrative services	750	710
Revenues earned on behalf of Government	(167,170)	(170,975)
Total revenues	750	710
Net cost of operations before government funding and transfers	7,112,477	7,852,630
Government funding and transfers		
Net cash provided by Government	7,898,364	8,462,184
Change in due from the Consolidated Revenue Fund	(57,933)	(82,964)
Services provided without charge by other government departments (note 19)	84,959	92,160
Transfer of assets and liabilities to other government departments	-	(377)
Net cost of operations after government funding and transfers	(812,913)	(618,373)
Departmental net financial position – Beginning of year	(13,197,995)	(13,816,368)
Departmental net financial position – End of year	(12,385,082)	(13,197,995)

Information for the year ended March 31, 2013 includes actual amounts from April 1 to November 30, 2012.

Segmented information (note 20)

The accompanying notes form an integral part of these financial statements.

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
Future-Oriented Statement of Change in Departmental Net Debt (*Unaudited*)
For the year ended March 31
(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Net cost of operations after government funding and transfers	(812,913)	(618,373)
Change due to tangible capital assets		
Acquisition of tangible capital assets (note 16)	21,125	17,613
Amortization of tangible capital assets (note 16)	(7,448)	(4,689)
Proceeds from disposal of tangible capital assets	(754)	(1,518)
Gain (loss) on disposal of tangible capital assets	754	1,518
Transfer to other government departments	-	(377)
<i>Total change due to tangible capital assets</i>	13,677	12,547
Change due to land held for future claim settlements	5,961	6,118
Net increase (decrease) in departmental net debt	(793,275)	(599,708)
Departmental net debt – Beginning of year	13,295,510	13,895,218
Departmental net debt – End of year	12,502,235	13,295,510

Information for the year ended March 31, 2013 includes actual amounts from April 1 to November 30, 2012.

The accompanying notes form an integral part of these financial statements.

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
Future-Oriented Statement of Cash Flow (Unaudited)
For the Year Ended March 31
(in thousands of dollars)

	Planned Results 2014	Estimated Results 2013
Operating activities		
Net cost of operations before government funding and transfers	7,112,477	7,852,630
Non-cash items:		
Amortization of tangible capital assets (note 16)	(7,448)	(4,689)
Gain (loss) on disposal of tangible capital assets	754	1,518
Services provided without charge by other government departments (note 19)	(84,959)	(92,160)
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(4,482)	(2,976)
Increase (decrease) in land held for future claim settlements	5,961	6,118
Decrease (increase) in liabilities	855,690	685,648
<i>Cash used by operating activities</i>	<i>7,877,993</i>	<i>8,446,089</i>
Capital investing activities		
Acquisition of tangible capital assets	21,125	17,613
Proceeds from disposal of tangible capital assets	(754)	(1,518)
<i>Cash used in capital investing activities</i>	<i>20,371</i>	<i>16,095</i>
Net cash provided by Government of Canada	7,898,364	8,462,184

Information for the year ended March 31, 2013 includes actual amounts from April 1 to November 30, 2012.

The accompanying notes form an integral part of these financial statements.

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA
Notes to the Future-Oriented Financial Statements (*Unaudited*)
For the Year Ended March 31

1. Authority and objectives

The Department, under its legal name the Department of Indian Affairs and Northern Development, was established by the *Government Organization Act, 1966* and continued by the *Department of Indian Affairs and Northern Development Act (R.S., 1985, c. I-6)*. It is named in Schedule I of the *Financial Administration Act*. However, the Department is more commonly known by its applied title under the Federal Identity Program (FIP) as Aboriginal Affairs and Northern Development Canada (AANDC).

Additional information is provided in Section I of AANDC's 2013-14 Report on Plans and Priorities (RPP).

2. Methodology and Significant Assumptions

The future-oriented financial statements have been prepared on the basis of the government priorities and the plans of the department as described in the RPP.

The information in the estimated results for fiscal year 2012-13 is based on actual results as at November 30, 2012 and forecasts for the remainder of the fiscal year. Estimated year end information for 2012-13 is used as the opening position for the 2013-14 planned results, and forecasts have been made for the planned results for the 2013-14 fiscal year.

The main assumptions are as follows:

- (a) AANDC's activities will remain substantially the same as the previous year.
- (b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.
- (c) Accruals for new contingent liabilities and new environmental liabilities cannot be reasonably foreseen or quantified and have therefore been excluded from the forecast.
- (d) Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.

These assumptions are adopted as of December 31, 2012.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

3. Variations and changes to the forecast financial information

While every attempt has been made to accurately forecast final results for the remainder of 2012-13 and for 2013-14, actual results achieved for both years will vary from the forecast information presented, and this variation may be material.

In preparing the future-oriented financial statements AANDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented financial statements and the historical financial statements include:

- (a) The timing and amounts of acquisitions and disposals of tangible capital assets, which would affect gains/losses and amortization expense.
- (b) The implementation of new collective agreements, which would affect salaries and employee future benefits.
- (c) Interest rates, which would affect the net present value of settled claims.
- (d) Economic conditions, which would affect the amount of revenue earned and the collectibility of loans receivable.
- (e) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year, which would affect forecasted expenditures.

Once the RPP is presented, AANDC will not be updating the forecast for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of significant accounting policies

These future-oriented financial statements have been prepared in accordance with the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

a) Parliamentary authorities – AANDC is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to AANDC does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-Oriented Statement of Operations and Departmental Net Financial Position and in the Future-Oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

b) Net cash provided by Government – AANDC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by AANDC is deposited to the CRF and all cash disbursements made by AANDC are paid from the CRF. The

Notes to the Future-Oriented Financial Statements (*Unaudited*)

net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

c) Amounts due from/to the CRF – These amounts are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that AANDC is entitled to draw from the CRF without further authorities to discharge its liabilities.

d) Revenues – Revenues from regulatory fees are recognized in the accounts based on the services provided in the year. Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenues takes place. Revenues that are non-respensible are not available to discharge AANDC's liabilities. While the Deputy Minister is expected to maintain accounting control, he has no authority regarding the disposition of non-respensible revenues. As a result, non-respensible revenues are considered to be earned on behalf of the Government of Canada and therefore presented in reduction of AANDC's gross revenues.

e) Expenses – Expenses are recorded on the accrual basis:

- Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans, legal services, and workers' compensation are recorded as operating expenses at their estimated cost.

f) Employee future benefits

- Pension benefits - Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. AANDC's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. AANDC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- Severance benefits - Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

g) Accounts receivable – Accounts receivable are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

The amount of the allowance is determined based on an assessment of each account. The collectibility of each account is reviewed by regional accounting offices on a semi-annual basis using a standard set of criteria to assess default risk.

h) Loans receivable – Loans receivable are stated at the lower of cost and net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

The amount of the allowance is determined based on an assessment of each loan. The collectibility of each loan is reviewed by program managers on an annual basis using a standard set of criteria to assess default risk.

Interest on loans receivable is calculated in accordance with the terms and conditions of each individual program. Interest is not accrued on loans approved for write-off or forgiveness.

i) Contingent liabilities – A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

j) Environmental liabilities – Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when AANDC becomes aware of the contamination and is obligated, or is likely to be obligated, to incur such costs. If the likelihood of AANDC's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

k) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. AANDC does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, or assets located on Indian reserves.

Capital assets which are held for future contribution to First Nations are reported as land held for future claim settlements.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the assets as follows:

Asset Class	Amortization Period
Buildings	20 to 40 years
Works and infrastructure	30 years
Machinery and equipment	5 to 15 years
Informatics hardware and software	3 to 5 years
Ships and boats	10 years
Motor vehicles	5 to 10 years
Other vehicles	5 years
Leasehold improvements	Lesser of the remaining term of lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

Notes to the Future-Oriented Financial Statements (*Unaudited*)

5. Parliamentary authorities

AANDC receives most of its funding through annual parliamentary authorities. Items recognized in the Future-Oriented Statement of Operations and Departmental Net Financial Position and the Future-Oriented Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, AANDC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

a) Reconciliation of net cost of operations to authorities requested

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Net cost of operations before government funding and transfers	7,112,477	7,852,630
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(7,448)	(4,689)
Gain (loss) on disposal of tangible capital assets	754	1,518
Transfer of land held for future claim settlements	(39)	(35)
Services provided without charge by other government departments	(84,959)	(92,160)
Bad debt expense (not incurred on behalf of government)	(626)	(4,509)
Decrease (increase) in vacation pay and compensatory leave	1,098	(1,657)
Decrease (increase) in liability for settled claims	84,512	86,448
Decrease (increase) in provision for claims and litigation	528,396	459,897
Decrease (increase) in environmental liabilities	171,876	23,393
Decrease (increase) in employee future benefits	7,217	14,667
Decrease (increase) in accrued liabilities not charged to authorities	-	146
Refunds/adjustments to prior years' expenditures	62,592	61,725
Other	2,750	2,623
Total items affecting net cost of operations but not affecting authorities	766,123	547,367
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	21,125	17,613
Proceeds from disposal of tangible capital assets	(754)	(1,518)
Acquisitions of land held for future claims settlements	6,000	6,153
Total items not affecting net cost of operations but affecting authorities	26,371	22,248
Current year authorities requested	7,904,971	8,422,245

Notes to the Future-Oriented Financial Statements (*Unaudited*)

b) Authorities requested

	Planned Results	Estimated Results
	2014	2013
	<i>(in thousands of dollars)</i>	
Authorities requested		
Vote 1 – Operating expenditures	1,415,529	1,425,495
Vote 5 – Capital expenditures	13,683	12,916
Vote 10 – Grants and Contributions	6,316,598	6,808,112
Statutory amounts	159,161	175,722
Forecast authorities available	7,904,971	8,422,245

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board central votes.

Forecast authorities requested for the year ending March 31, 2014 are the planned spending amounts presented in the 2013-14 RPP. Estimated authorities requested for the year ending March 31, 2013 include amounts presented in the 2012-13 Main Estimates and Supplementary Estimates (A) and (B), planned for presentation in Supplementary Estimates (C) and estimates of amounts to be allocated at year-end from Treasury Board central votes.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

6. Accounts payable and accrued liabilities

The following table presents details of AANDC's accounts payable and accrued liabilities:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Accounts payable – Other government departments and agencies	19,816	21,340
Accounts payable – External parties	188,186	237,936
<i>Total accounts payable</i>	208,002	259,276
Accrued liabilities	298,708	352,236
Total accounts payable and accrued liabilities	506,710	611,512

In *Canada's Economic Action Plan 2012*, the Government announced savings measures to be implemented by departments over the next three fiscal years starting in 2012-2013. As a result, AANDC has recorded at March 31, 2014 an obligation for termination benefits in the amount of \$0 (\$3,534,000 in 2013) as part of accrued liabilities to reflect the estimated workforce adjustment costs.

7. Other liabilities

The following table presents details of other liabilities:

	Planned Results 2014					Estimated Results 2013
	<i>(in thousands of dollars)</i>					
	Opening Balance	Receipts	Interest	Disburse- ments	Closing Balance	Closing Balance
Guarantee deposits	1,267,934	228,307	-	(135,092)	1,361,149	1,267,934
Securities held in trust	(1,251,973)	(223,610)	-	129,313	(1,346,270)	(1,251,973)
<i>Net cash</i>	15,961	4,697	-	(5,779)	14,879	15,961
Other specified purpose accounts	67,484	80,443	1,293	(73,267)	75,953	67,484
Total other liabilities	83,445	85,140	1,293	(79,046)	90,832	83,445

Notes to the Future-Oriented Financial Statements (*Unaudited*)

Guarantee deposits and securities held in trust

In fulfilling its duties under various acts that govern the use of federal Crown land, including land use activities, water resources, and water rights, AANDC may issue licences, permits, and other instruments to individuals and organizations that propose to undertake resource exploration and other types of development projects.

In accordance with the terms and conditions of the instrument, AANDC may require security deposits to ensure the lands and waters are returned in a condition acceptable to AANDC. These security or guarantee deposits can be in the form of cash or paper securities (usually letters of credit).

Cash amounts received are transferred to and held in the CRF, whereas paper securities are held by AANDC.

Other specified purpose accounts

These accounts are established to receive, hold and disburse monies in accordance with relevant statutes, departmental policies and agreements. The most significant of these accounts is the Indian Moneys Suspense Account. This statutory account was established to hold moneys received for individual Indians and bands pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient, and for Indian locatees pursuant to land tenure instruments issued by AANDC. These moneys are eventually disbursed to individual Indians, credited to Band Fund or Individual Trust Fund accounts, or returned to payers, as appropriate.

8. Trust accounts

The following table shows AANDC's financial obligations in its role as administrator of trust accounts:

(in thousands of dollars)

	Planned Results 2014					Estimated Results 2013
	Opening Balance	Receipts	Interest	Disbursements	Closing Balance	Closing Balance
Indian band funds	887,978	244,694	25,217	(233,583)	924,306	887,978
Indian savings accounts	35,527	1,916	1,039	(4,178)	34,304	35,527
Indian estate accounts	19,492	8,356	378	(9,015)	19,211	19,492
<i>Total Indian moneys</i>	942,997	254,966	26,634	(246,776)	977,821	942,997
Other trust accounts	1,883	-	-	-	1,883	1,883
Total trust accounts	944,880	254,966	26,634	(246,776)	979,704	944,880

Notes to the Future-Oriented Financial Statements (*Unaudited*)

Indian moneys

In accordance with the *Indian Act*, AANDC has responsibility to administer Indian moneys of bands and certain individual Indians, including minors, mentally incompetent individuals and deceased Indians.

Moneys collected or received for the use and benefit of these groups are deposited to the CRF. Pursuant to Section 61(2) of the *Indian Act*, interest on Indian moneys held in the CRF is allowed at a rate fixed from time to time by the Governor-in-Council. Interest accumulated in the accounts is compounded semi-annually.

There are three categories of Indian moneys administered by AANDC: Indian band funds, Indian savings accounts, and Indian estate accounts.

Indian band funds

These accounts were established to record moneys belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

Moneys are classified as either capital moneys or revenue moneys. Capital moneys of the band include all moneys derived from the sale of surrendered lands or the sale of band capital assets. Moneys from the sale of surrendered lands can include land sales, timber sales, oil and gas royalties, and sales of gravel. Revenue moneys are all moneys not classified as capital moneys.

Moneys are generally disbursed from these accounts pursuant to an authorized request from a band.

Indian savings accounts

These accounts were established to record moneys belonging to certain individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

Sources of moneys include inheritances and per capita distribution of band funds. Moneys are generally disbursed from these accounts pursuant to an authorized request from an individual.

Indian estate accounts

These accounts were established to record moneys belonging to mentally incompetent individuals and deceased Indians pursuant to sections 42 to 51 of the *Indian Act*.

Sources of moneys belonging to mentally incompetent individuals include inheritances, per capita distribution of band funds, and provincial assistance payments. Payments are made from these accounts for the maintenance and care of the individuals.

Estate accounts for deceased Indians include the proceeds of their liquidated assets that are held pending the settlement of the estate. The closing of the account usually corresponds with the final distribution to their heirs.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

Other trust accounts

Relative to AANDC's legislative mandate, trust accounts may also be established in accordance with settlement agreements, legislative authorities other than the *Indian Act*, or court decisions.

9. Settled claims

The liability for settled claims represents AANDC's financial obligation pursuant to agreements related to comprehensive land claims and specific claims.

Comprehensive land claims are negotiated in areas where Aboriginal title has not been dealt with by treaty or by other legal methods. In such cases, the claim is based on an Aboriginal group's traditional use and occupancy of that land. Comprehensive land claim settlements result in agreements on special rights Aboriginal peoples will have in the future with respect to lands and resources.

Specific claims address past grievances arising out of non-fulfilment of Indian treaties and other lawful obligations, the improper administration of lands and other assets under the *Indian Act*, or formal agreements that are being pursued through negotiations.

An act of Parliament, based on a negotiated agreement, establishes the authority for AANDC to make claim payments. The interest rate attached to these claim payments is set out in the act, along with a claim payment schedule. Claim payments are generally made over a number of years.

At March 31, 2014, AANDC had 11 outstanding settled claims (12 in 2013). Payments totalled \$85,600,000 in 2014 (\$96,300,000 in 2013).

The present value of the liability for outstanding settled claims, calculated using the appropriate Consolidated Revenue Fund Monthly Lending Rate as published by the Department of Finance, at March 31, 2014 is \$348,666,000 (\$433,178,000 in 2013)

Future scheduled claim payments are as follows:

(in thousands of dollars)

	2015	2016	2017	2018	2019 and thereafter	Total
Scheduled payments	86,900	56,900	56,500	57,900	114,800	373,000

Notes to the Future-Oriented Financial Statements (*Unaudited*)

10. Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are classified into three categories: claims and litigation, environmental liabilities (contaminated sites) and loan guarantees.

Claims and litigation

Claims and pending and threatened litigation cases outstanding against AANDC are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

There are four significant types of claims faced by AANDC: comprehensive land claims, specific claims, general litigation claims, and claims arising from the legacy of Indian residential schools¹.

Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. As at the date of preparation of these future-oriented financial statements, there are 81 comprehensive land claims under negotiation, accepted for negotiation or under review.

Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. As at the date of preparation of these future-oriented financial statements, there are 389 specific claims under negotiation, accepted for negotiation or under review.

There are legal proceedings for 533 general litigation claims being pursued through the courts still pending as at the date of preparation of these future-oriented financial statements. There are also thousands of claims being managed by AANDC with respect to the legacy of Indian residential schools, including class action claims, as well as claims submitted under its Alternative Dispute Resolution process and its Independent Assessment Process.

AANDC has recorded a provision of \$9,976,333,000 (\$10,504,729,000 in 2013) as an estimate of the likely liability that will result from the above claims. This estimate includes projections based on historical rates and costs of settlement for similar claims. An additional amount of \$5,099,186,000 (\$5,099,186,000 in 2013) is considered uncertain as the probability of the occurrence or non-occurrence of the future event confirming that a liability existed at the financial statement date cannot be determined.

¹ Depending on its type, a claim may be resolved with a transfer payment or an operating expenditure. As a result, the year-over-year change in the provision is allocated between transfer payment expenses and operating expenses, as shown in note 20 – Segmented information.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

Environmental liabilities (Contaminated Sites)

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where AANDC is obligated or likely to be obligated to incur such costs².

AANDC has identified 785 sites (791 sites in 2013) where such action is possible and for which a liability of \$2,175,700,000 (\$2,347,576,000 in 2013) has been recorded. AANDC has estimated additional clean-up costs of \$6,024,000 (\$6,024,000 in 2013) that have not been accrued, as these are not considered likely to be incurred at this time.

AANDC's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by AANDC in the year in which they become likely and are reasonably estimable.

Loan guarantees

As at March 31, 2014, AANDC has issued loan guarantees under its On-Reserve Housing Guarantee program of \$1,934,624,000 (\$1,934,624,000 in 2013) and under its Indian Economic Development Guarantee program of \$494,000 (\$494,000 in 2013). AANDC's authority limit for issuing loan guarantees under these programs is \$2.2 billion (\$2.2 billion in 2013) and \$60 million (\$60 million in 2013) respectively.

A provision for losses on loan guarantees is recorded when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated. The provision is determined by applying the weighted average historical percentage of default to total outstanding loan guarantees. The provision is reviewed at least annually, with any changes being charged or credited to current year expenses.

The provision for losses for each loan guarantee program is as follows:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
On-Reserve Housing Guarantee program	1,500	1,500
Indian Economic Development Guarantee program	55	55
Total provision for losses	1,555	1,555

² Contaminated sites may be remediated with a transfer payment or an operating expenditure. As a result, the year-over-year change in environmental liabilities is allocated between transfer payment expenses and operating expenses, as shown in note 20 – Segmented information.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

11. Employee future benefits

a) Pension benefits

AANDC's employees participate in the Public Service Pension Plan (the Plan), which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and are indexed to inflation.

Both the employees and AANDC contribute to the cost of the Plan. For the year ended March 31, 2014, the expense amounts to \$46,248,000 (\$50,167,000 in 2013), which represents approximately 1.8 times (1.8 in 2013) the contributions by employees.

AANDC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits

AANDC provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities.

As part of collective agreement negotiations with certain employee groups and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

Information about the severance benefits, measured as at March 31, is as follows:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Accrued benefit obligation- Beginning of year	29,334	44,001
Expense for the year	31,351	(404)
Benefits paid during the year	(38,568)	(14,263)
Accrued benefit obligation- End of year	22,117	29,334

Notes to the Future-Oriented Financial Statements (*Unaudited*)

12. Accounts receivable and advances

The following table presents details of AANDC's accounts receivables and advances:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Receivables – Other government departments and agencies	11,574	12,726
Receivables – External parties	59,997	62,732
Employee advances	346	315
	71,917	75,773
Allowance for doubtful accounts on receivables from external parties	(19,872)	(19,246)
Total accounts receivable and advances	52,045	56,527

13. Interest receivable

The following table presents details of accrued interest receivable on loans:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Direct loans	1,224	1,302
Defaulted guaranteed loans	611	557
	1,835	1,859
Less:		
Allowance for doubtful accounts	(602)	(569)
Total interest receivable (held on behalf of Government)	1,233	1,290

Notes to the Future-Oriented Financial Statements (*Unaudited*)

14. Loans receivable

The following table presents details of loans receivable:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Direct loans portfolio:		
Native claimants	463,987	456,103
First Nations in British Columbia	495,463	467,859
Other direct loans	504	504
	959,954	924,466
Add: Capitalized interest	1,021	1,086
Less: Allowance for doubtful loans	(129,766)	(124,058)
	831,209	801,494
Defaulted guaranteed loans portfolio:		
On-reserve housing guarantees	13,387	12,308
Indian economic development guarantees	3,225	3,225
Other defaulted guaranteed loans	104	104
	16,716	15,637
Add: Capitalized interest	20,540	18,636
Less: Allowance for doubtful loans	(25,880)	(23,993)
	11,376	10,280
Loans receivable, net recoverable value (held on behalf of Government)	842,585	811,774

Direct loans portfolio

The objective of direct loans is to support active participation by First Nations and First Nation organizations and to promote a balanced exchange of ideas in negotiating the settlement of comprehensive land claims, specific claims, and treaties.

AANDC's direct loans portfolio has two active programs in support of this objective.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

Native claimants

These are loans made to Native claimants to defray the costs related to the research, development and negotiation of comprehensive land claims and specific claims.

The significant terms and conditions of loans to Native claimants are as follows:

- a) before an agreement-in-principle for the settlement of a claim is reached, all loans issued are non-interest bearing;
- b) once an agreement-in-principle for the settlement of a claim is reached, all loans that remain outstanding and all loans subsequently issued are interest bearing at a rate equal to the rate established by the Minister of Finance in respect of borrowings with equivalent terms by Crown corporations;
- c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the loan agreement;
- d) loans may be restructured, including forgiveness of a portion of the principal or interest in arrears, when the borrower cannot meet the terms of the original loan agreement; and
- e) AANDC may seek security for loans when deemed appropriate.

When an agreement-in-principle is reached for the settlement of a claim, any accrued interest receivable is capitalized semi-annually as part of the principal amount owing on the loan. After a final agreement is reached, any accrued interest receivable outstanding is capitalized annually as part of the principal amount owing on the loan.

The interest bearing and non-interest bearing portions of direct loans for Native claimants outstanding at March 31 are as follows:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Interest bearing	82,988	81,488
Non-interest bearing	380,999	374,615
Total	463,987	456,103

First Nations in British Columbia

These are loans made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission and to defray the costs related to the research, development and negotiation of treaties.

The significant terms and conditions of direct loans to First Nations in British Columbia are the same as those for loans to Native claimants, except as follows:

Notes to the Future-Oriented Financial Statements (*Unaudited*)

a) loans issued after April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty is reached shall be non-interest bearing unless the loans become due and payable during this period.

The interest bearing and non-interest bearing portions of direct loans for First Nations in British Columbia outstanding at March 31 are as follows:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Interest bearing	23,861	22,532
Non-interest bearing	471,602	445,327
Total	495,463	467,859

Other direct loans

AANDC also has various legacy programs that are no longer active. These legacy programs will continue to operate under their existing arrangements until the land claims are settled, at which point the loans will become repayable and the respective programs closed.

All loans outstanding at year-end under the various legacy programs both for the current and prior years are interest bearing.

Defaulted guaranteed loans portfolio

The objective of loan guarantees is to encourage lending institutions to make loans for properties located on First Nations lands and to support access to credit markets for First Nations and First Nations organizations. Since properties located on First Nation lands cannot be used as collateral to secure the loans and lending institutions are prevented from foreclosing on these properties in the event of borrower default as prescribed by the *Indian Act*, lending institutions can be exposed to greater business risk in issuing loans for properties located on First Nation lands.

As guarantor, loan guarantees issued under the various programs may become receivables of AANDC when, at the request of a lending institution, AANDC is required to honour these loan guarantees. As a result, AANDC makes payment to the lending institution and establishes a receivable from the First Nation or First Nation organization.

AANDC has access to an annual \$2 million statutory authority for funding payments to lending institutions to honour loan guarantees. Payments made in excess of the \$2 million authority limit are charged to program expenses and funded by budgetary authorities.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

The various loan guarantee programs are described below.

On-reserve housing guarantee program

This program authorizes AANDC to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

The significant terms and conditions of the On-reserve housing guarantee program are as follows:

Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks. On a semi-annual basis, any accrued interest receivable outstanding is capitalized as part of the principal amount owing on the loan.

To control the occurrence of defaulted loans in this program, AANDC restricts the eligibility of recipients for further loans until such time as a recovery plan has been approved and has been in operation in accordance with its terms and conditions for a period of six months.

Indian economic development guarantee program

This program authorizes AANDC to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

The significant terms and conditions of the Indian economic development guarantee program are as follows:

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Accrued interest on loans issued under this program is not capitalized. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of AANDC.

Other defaulted guaranteed loans

AANDC also has a legacy program that is no longer active. This legacy program will continue to operate under its existing arrangements until the defaulted guaranteed loans are paid and the program closed.

Notes to the Future-Oriented Financial Statements (*Unaudited*)

15. Land held for future claim settlements

Land held for future claim settlements is segregated from other tangible capital assets as these assets are not acquired with the intention of being used on a continuous basis in government operations. Rather, these assets are properties acquired and held by AANDC for the purpose of future settlements of Aboriginal land claims. Following the ratification of a negotiated agreement, these assets are transferred to the Aboriginal group.

Changes in this account are summarized in the following table:

(in thousands of dollars)

	Planned Results 2014			Estimated Results 2013
	Opening Balance	Acquisitions	Transfers	Closing Balance
Land held for future claim settlements	32,388	6,000	(39)	38,349
				32,388

Notes to the Financial Statements (Unaudited)

16. Tangible capital assets

(in thousands of dollars)

Capital Asset Class	Cost					Accumulated Amortization					Net Book Value	
	Opening Balance	Acquisitions	Adjustments (1)	Disposals and Write-offs	Closing Balance	Opening Balance	Amortization	Adjustments	Disposals and Write-offs	Closing balance	Planned Results 2014	Estimated Results 2013
Land	606	-	-	-	606	-	-	-	-	-	606	606
Buildings	28,600	-	-	-	28,600	15,412	716	-	-	16,128	12,472	13,188
Works and infrastructure	1,444	-	-	-	1,444	1,409	-	-	-	1,409	35	35
Machinery and equipment	8,362	597	-	621	8,338	5,540	451	-	621	5,370	2,968	2,822
Informatics hardware	15,568	283	-	3,106	12,745	13,389	112	-	3,106	10,395	2,350	2,179
Informatics software	51,254	1,010	15,530	-	67,794	19,413	5,256	-	-	24,669	43,125	31,841
Ships and boats	87	3	-	33	57	36	6	-	33	9	48	51
Motor vehicles	4,263	383	-	507	4,139	3,383	315	-	507	3,191	948	880
Other vehicles	593	49	-	-	642	437	35	-	-	472	170	156
Leasehold improvements	3,670	554	-	-	4,224	1,299	557	-	-	1,856	2,368	2,371
Assets under construction	10,998	18,246	(15,530)	-	13,714	-	-	-	-	-	13,714	10,998
Total	125,445	21,125	-	4,267	142,303	60,318	7,448	-	4,267	63,499	78,804	65,127

(1) Adjustments include assets under construction of \$15,530,000 that were transferred to the other categories upon completion of the assets.

Notes to the Financial Statements (*Unaudited*)

17. Departmental net financial position

A portion of AANDC's net financial position is restricted to be used for a specific purpose. Related revenues and expenses are included in the Future-Oriented Statement of Operations and Departmental Net Financial Position.

The Environmental Studies Research Fund account was established pursuant to the *Canada Petroleum Resources Act* and related regulations to record levies stipulated under the Act. The balance of the account is to be used to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration, development and production activities on frontier lands authorized under this Act or any other Act of Parliament should be conducted.

The Bowater Environmental Remediation Fund was established pursuant to a decision of the Commercial Division of the Superior Court in the Province of Quebec. The balance in the account is to be used to finance the remediation of environmental damage caused by Bowater Canadian Forest Products Inc. relative to a land lease issued by AANDC.

The balance of the funds at the end of the year is included in Departmental Net Financial Position. Activity in the funds is as follows:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Environmental Studies Research Fund – Restricted		
Balance – Beginning of year – Restricted	1,951	2,026
Revenues	1,940	1,951
Expenses	(2,087)	(2,026)
Balance – End of year – Restricted	1,804	1,951
Bowater Environmental Remediation Fund – Restricted		
Balance – Beginning of year – Restricted	2,345	2,597
Revenues	-	-
Expenses	(252)	(252)
Balance – End of year – Restricted	2,093	2,345
Total restricted	3,897	4,296
Unrestricted	(12,388,979)	(13,202,291)
Departmental net financial position – End of year	(12,385,082)	(13,197,995)

Notes to the Financial Statements (*Unaudited*)

18. Contractual obligations

The nature of AANDC's activities can result in some large multi-year contracts and obligations whereby AANDC will be obligated to make future payments in order to carry out its transfer payment programs or when the goods or services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

	2015	2016	2017	2018 and Thereafter	Total
Transfer payments	950,166	739,500	164,552	150,565	2,004,783
Total	950,166	739,500	164,552	150,565	2,004,783

19. Related party transactions

AANDC is related as a result of common ownership to all Government departments, agencies, and Crown corporations. AANDC enters into transactions with these entities in the normal course of business and on normal trade terms. In addition, AANDC has an agreement for the provision of finance and administrative services to the Canadian Northern Economic Development Agency. During the year, AANDC received common services which were obtained without charge from other Government departments as disclosed below.

a) Common services provided without charge by other government departments

During the year, AANDC received services without charge from certain common service organizations related to accommodation, the employer's contribution to the health and dental insurance plans, legal services and workers' compensation coverage. These services provided without charge have been recorded in AANDC's Statement of Operations and Departmental Net Financial Position as follows:

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Employer's contribution to the health and dental insurance plans	34,270	36,805
Accommodation	41,541	43,645
Legal services	8,720	11,260
Workers' compensation	428	450
Total	84,959	92,160

The Government has centralized some of its administrative activities for purposes of efficiency, cost-effectiveness and economical delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and

Notes to the Financial Statements (*Unaudited*)

Government Services Canada and audit services provided by the Office of the Auditor General are not included in AANDC's Statement of Operations and Departmental Net Financial Position.

b) Other transactions with related parties

	Planned Results 2014	Estimated Results 2013
	<i>(in thousands of dollars)</i>	
Expenses – Other Government departments and agencies	280,015	278,257
Revenues – Other Government departments and agencies	2,420	2,384

Expenses and revenues disclosed in (b) exclude common services provided without charge which are already disclosed in (a).

Notes to the Financial Statements (*Unaudited*)

20. Segmented information

Presentation by segment is based on AANDC's program activity architecture. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies in note 4. The following table presents the expenses incurred and revenues generated for each of AANDC's strategic outcomes, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

<i>(in thousands of dollars)</i>	People	Land and Economy	Government	Internal Services	North	Planned Results 2014	Estimated Results 2013
Transfer payments							
First Nations	2,858,922	1,359,864	1,235,713	-	16,326	5,470,825	5,912,914
Provincial/territorial governments and institutions	449,639	62,222	120,549	-	89,441	721,851	778,324
Industry	11,457	15,487	59	-	54,841	81,844	82,664
Non-profit organizations	25,866	7,098	1,173	-	6,165	40,302	41,145
Other	120	-	-	-	3,923	4,043	4,186
Claims and litigation (note 10)	-	-	-	-	-	-	52,568
Contaminated sites (note 10)	-	(18,423)	-	-	-	(18,423)	(8,706)
Refunds/adjustments to prior years' expenditures	(19,225)	(23,572)	(7,125)	-	(2,534)	(52,456)	(51,359)
Total transfer payments	3,326,779	1,402,676	1,350,369	-	168,162	6,247,986	6,811,736
Operating expenses							
Court awards and other settlements	531,736	-	-	11,297	5	543,038	561,406
Salaries and employee future benefits	106,272	90,119	101,639	157,464	44,446	499,940	533,254
Professional and special services	61,532	25,381	11,803	31,481	159,027	289,224	243,181
Legal services	37,633	23	606	36,504	396	75,162	89,075
Accommodations	10,348	7,088	7,535	12,820	3,750	41,541	43,645
Travel and relocation	8,515	4,784	5,221	6,726	5,946	31,192	31,192
Other	370	2,588	3,280	812	12,579	19,629	17,209
Information services	12,726	311	333	1,884	848	16,102	16,963
Rentals of buildings and machinery	1,702	437	194	2,533	4,965	9,831	8,612
Machinery and equipment	1,610	724	312	4,308	1,593	8,547	9,601
Bad debt	-	1,916	5,711	626	-	8,253	12,136
Amortization	98	15	21	6,862	452	7,448	4,689
Utilities, materials and supplies	1,590	1,617	321	1,401	2,211	7,140	7,348
Transportation and telecommunications	1,136	364	178	2,359	1,160	5,197	5,642
Repairs and maintenance	241	456	120	1,015	777	2,609	2,796
Expenses incurred on behalf of Government	-	(1,916)	(5,711)	-	-	(7,627)	(7,627)
Refunds/adjustments to prior years' expenditures	(3,755)	(603)	(111)	(2,844)	(2,823)	(10,136)	(10,366)
Contaminated sites (note 10)	-	-	-	-	(153,453)	(153,453)	(14,687)
Claims and litigation (note 10)	(528,396)	-	-	-	-	(528,396)	(512,465)
Total operating expenses	243,358	133,304	131,452	275,248	81,879	865,241	1,041,604
Total expenses	3,570,137	1,535,980	1,481,821	275,248	250,041	7,113,227	7,853,340

Notes to the Financial Statements (*Unaudited*)

<i>(in thousands of dollars)</i>	People	Land and Economy	Government	Internal Services	North	Planned Results 2014	Estimated Results 2013
Revenues							
Resource royalties	-	-	-	-	64,733	64,733	65,388
Norman Wells project profits	-	-	-	-	91,183	91,183	94,334
Interest on loans	-	2,426	4,517	-	-	6,943	6,943
Miscellaneous	-	260	22	240	1,916	2,438	2,437
Leases and rentals	-	1	19	-	1,853	1,873	1,873
Finance and administrative services	-	-	-	750	-	750	710
Revenues earned on behalf of Government	-	(2,687)	(4,558)	(240)	(159,685)	(167,170)	(170,975)
Total revenues	-	-	-	750	-	750	710
Net cost from continuing operations	3,570,137	1,535,980	1,481,821	274,498	250,041	7,112,477	7,852,630

The major categories of revenues are described below.

Resource royalties

The most significant sources of resource royalty revenues are those earned pursuant to the *Northwest Territories and Nunavut Mining Regulations* (formerly the *Canada Mining Regulations*) and the *Frontier Lands Petroleum Royalty Regulations*.

The *Northwest Territories and Nunavut Mining Regulations* (the Mining Regulations) prescribe a profit-sharing formula upon which royalty revenues are based. AANDC receives a percentage of the profits companies earn from the sale of minerals extracted from land leased by these companies pursuant to the Mining Regulations. The Mining Regulations prescribe that royalties are generally payable four months after the fiscal year-end of the company.

The *Frontier Lands Petroleum Royalty Regulations* (the Royalty Regulations) also prescribe a profit-sharing formula upon which royalty revenues are based. AANDC receives a percentage of the profits companies earn from the sale of oil and gas extracted from the land, which the company has the right to use pursuant to a production licence issued under the authority of the *Canada Petroleum Resources Act*. The Royalty Regulations prescribe that royalties are generally payable on the last day of the month following the month of production.

Norman Wells project profits

This project is a source of revenues earned pursuant to a contract between AANDC and Imperial Oil. This contract prescribes a profit-sharing formula and sets out a payment schedule, whereby payments are made annually to AANDC no later than March 20.

Leases and rentals

The major source of lease and rental revenues is lease fees prescribed in the Mining Regulations. After a waiting period of 10 years, companies may lease land in the North for purposes of exploration and extraction of minerals. Leases are for a period of 21 years and are renewable. Lease fees are set out in the Mining Regulations and are payable annually on the anniversary date of the signing of the lease.

Notes to the Financial Statements (*Unaudited*)

21. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.