

Waterhen Lake First Nation
Consolidated Financial Statements
March 31, 2015

Waterhen Lake First Nation

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For the year ended March 31, 2015

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Management's Responsibility

To the Members of Waterhen Lake First Nation:

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

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.

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

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

June 29, 2015

Signed: Judy Fiddler _____

Management

Independent Auditors' Report

To the Members of Waterhen Lake First Nation:

We have audited the accompanying consolidated financial statements of Waterhen Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations and accumulated surplus, changes in net financial assets (net debt), cash flows and the related schedules 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 statement.

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 Waterhen Lake First Nation as at March 31, 2015 and the results of its operations, changes in net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan

June 29, 2015

MNP LLP
Chartered Accountants

Waterhen Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Current		
Accounts receivable (Note 4)	132,948	176,426
Inventory for resale	1,500	1,500
	134,448	177,926
Portfolio investments (Note 6)	21,502	21,502
Due from Waterhen Forestry Products Inc. (Note 7)	75,683	88,863
Investment in Waterhen Forestry Products Inc. (Note 8)	1,817,777	1,982,169
Funds held in trust (Note 9)	59,539	45,813
Restricted cash (Note 5)	396,726	357,151
Total financial assets	2,505,675	2,673,424
Liabilities		
Current		
Bank indebtedness (Note 10)	280,741	272,405
Accounts payable and accruals	435,030	192,654
Deferred revenue	39,492	-
Current portion of long-term debt (Note 11)	1,554,067	347,528
	2,309,330	812,587
Long-term debt (Note 11)	1,201,807	1,537,173
Total financial liabilities	3,511,137	2,349,760
Net financial assets (net debt)	(1,005,462)	323,664
Non-financial assets		
Tangible capital assets (Note 12)	14,072,105	13,519,610
Prepaid expenses	110,000	-
Total non-financial assets	14,182,105	13,519,610
Accumulated surplus (Note 13)	13,176,643	13,843,274

Approved by:

Signed: Carolyn Bernard _____

Chief

Councilor

Signed: Blaine Fiddler _____

Councilor

Signed: Dennis Martell _____

Councilor

Signed: Richard Fiddler _____

Councilor

Signed: Delphine Vincent _____

Councilor

Waterhen Lake First Nation
Consolidated Statement of Operations and Surplus
For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada (Note 15)	4,025,148	4,465,802	4,530,919
Meadow Lake Tribal Council	861,643	2,089,237	2,041,019
Meadow Lake Tribal Council - Health Services	1,083,905	1,224,630	1,102,771
Mistik Management Ltd.	90,000	117,868	166,197
Canada Mortgage and Housing Corporation	-	73,892	119,113
Other revenue	153,377	115,243	75,500
Health Canada	35,000	35,000	38,186
First Nations Trust	640,000	692,433	721,908
Earnings (loss) from investment in Nation business entities (Note 8)	-	(164,392)	516,401
Retail sales - Waterhen Lake Resort (North) Ltd.	-	-	203,523
Retail sales - Waterhen Lake Resort (South) Ltd.	-	149,722	150,454
Meadow Lake Tribal Council CFS Inc.	122,929	257,122	167,929
Rental income	37,000	175,667	134,066
Northern Lights CDC	-	64,187	117,508
Investment income - MLTC Resource Development LP	-	150,000	100,000
Province of Saskatchewan	-	48,176	36,000
Department of Highways	37,000	17,325	17,496
Sales Tax rebates	34,000	33,260	16,131
Interest income	-	1,809	1,675
	7,120,002	9,546,981	10,256,796
Program expenses			
Administration	939,785	1,044,249	933,717
Band Programs	614,234	490,526	585,129
Capital	337,603	1,524,226	1,599,209
Economic Development	62,486	179,012	641,728
Education	2,810,997	2,803,982	2,917,490
Health	1,054,282	1,345,212	1,085,254
Infrastructure	951,808	1,021,519	936,978
Reserves and Trusts	104,401	101,421	115,262
Social Services	335,371	1,815,215	1,698,474
	7,210,967	10,325,362	10,513,241
Operating deficit before other item	(90,965)	(778,381)	(256,445)
Other income			
Gain on disposal of tangible capital assets	-	111,750	18,787
Operating deficit	(90,965)	(666,631)	(237,658)
Surplus, beginning of year	13,843,274	13,843,274	14,080,932
Surplus, end of year	13,752,309	13,176,643	13,843,274

The accompanying notes are an integral part of these financial statements

Waterhen Lake First Nation

Consolidated Statement of Change in Net Financial Assets (Net Debt)

For the year ended March 31, 2015

	<i>2015 Budget (Note 17)</i>	<i>2015</i>	<i>2014</i>
Annual operating deficit	(90,965)	(666,631)	(237,658)
Purchases of tangible capital assets	-	(1,460,595)	(479,124)
Amortization of tangible capital assets	-	908,100	877,373
Proceeds on disposal of tangible capital assets	-	111,750	196,767
Gain on disposal of tangible capital assets	-	(111,750)	(18,787)
Acquisition of prepaid expenses	-	(110,000)	-
Decrease (increase) in net debt	(90,965)	(1,329,126)	338,571
Net financial assets, beginning of year	323,664	323,664	(14,907)
Net debt, end of year	232,699	(1,005,462)	323,664

Waterhen Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Operating deficit	(666,631)	(237,658)
Non-cash items		
Amortization	908,100	877,373
Gain on disposal of capital assets	(111,750)	(18,787)
Loss (earnings) from investment in Nation business entities	164,392	(516,401)
	294,111	104,527
Changes in working capital accounts		
Accounts receivable	43,478	616,897
Prepaid expenses	(110,000)	-
Restricted cash	(39,575)	(251,670)
Inventory for resale	-	58,359
Accounts payable and accruals	242,376	(232,049)
Due from Waterhen Forestry Products Inc.	13,180	-
Deferred revenue	39,492	(81,720)
	483,062	214,344
Financing activities		
Increase in bank indebtedness	8,336	41,192
Advances of long-term debt	1,221,115	359,210
Repayment of long-term debt	(349,942)	(329,214)
	879,509	71,188
Capital activities		
Purchases of tangible capital assets	(1,460,595)	(479,124)
Insurance proceeds on housing units	111,750	196,767
	(1,348,845)	(282,357)
Investing activities		
Increase in funds held in trust	(13,726)	(1,675)
Investment in Bird's Confectionary	-	(1,500)
	(13,726)	(3,175)
Increase in cash resources	-	-
Cash resources, beginning of year	-	-
Cash resources, end of year	-	-

The accompanying notes are an integral part of these financial statements

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

The Waterhen Lake First Nation (the "First Nation") is located in the province of Saskatchewan, and provides various services to its members. Waterhen Lake First Nation includes the Nation's 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 have been prepared in accordance with Canadian public sector accounting standards as set out in the CPA Canada Handbook - Public Sector Accounting as issued by the Accounting Standards Board in Canada 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.

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

- Waterhen First Nation CMHC Housing Program 100% interest
- Waterhen Lake Resort (North) Ltd. 100% interest
- Waterhen Lake Resort (South) Ltd. 100% interest

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Waterhen Lake First Nation business entities, owned or controlled by the First Nation's 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. The following entity is accounted for by the modified equity basis:

- Waterhen Forestry Products Inc. 100% interest

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.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory for resale

Inventory is valued at the lower of cost and net realizable value using weighted average cost.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	30 years
Housing	straight-line	30 years
Equipment	straight-line	10 years
Infrastructure	straight-line	50 years
CMHC Housing	straight-line	30 years
Automotive	straight-line	10 years

Long-lived assets

Long-lived assets consist of tangible capital assets. 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. Impairment losses are recognized when undiscounted future cashflow from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in deficit 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.

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 combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

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

Revenue recognition

Non-government funding

Funding is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government transfers

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.

Rental income

Income associated with the rental of homes to members is recorded monthly when rental amounts are measurable and collection is reasonably assured.

Retail sales

Income from retail sales is recognized when the sale is made and the customer takes possession of the merchandise.

Investment income

Investment income is recognized when earned.

Segments

The First Nation conducts its business through 9 reportable segments:

- Administration - includes the administration and governance activities.
- Band programs - includes all other band activities of the First Nation.
- Capital - includes the operations and maintenance of all on reserve housing.
- Economic development - includes the activities of the First Nation's economic development initiatives and its business entities.
- Education - includes the operations of education programs.
- Health - includes the operations of health and community wellness programming.
- Infrastructure - includes the operations and maintenance of the First Nation's buildings and infrastructure.
- Reserves and trusts - includes activities for the development of the First Nation's land.
- Social services - includes all activities relating to income assistance for membership.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Inter program administration fees have been recorded based on a percentage of budgeted revenue, where permitted by the funder.

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

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

Use of estimates

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 an assessment as to their collectability has been made.

Amortization is based on useful life of the assets.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation will not recognize any liability as it is not expected that economic benefits will be given up.

Recent accounting pronouncements

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. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601 and PS 3041. 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. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

3. Change in accounting policy

Effective April 1, 2014, the First Nation adopted Section 3260, *Liability for Contaminated Sites* issued by the Canadian Public Sector Accounting Standards Board. This section establishes standards for governments and government type organizations reporting under Canadian public sector accounting standards about how to account for, and report a liability which is associated with remediation of a contaminated site. The change in accounting policy has been applied prospectively.

The adoption of PS 3260 does not have an impact on the measurement of the Nation's liabilities but has resulted in additional disclosure.

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

4. Accounts receivable

	2015	2014
AANDC	11,903	11,373
Meadow Lake Tribal Council	89,909	143,730
Canada Mortgage and Housing Corporation	6,157	12,315
Member advances	71,026	81,435
Other	24,979	9,008
	<u>203,974</u>	<u>257,861</u>
Less: Allowance for doubtful accounts	71,026	81,435
	<u>132,948</u>	<u>176,426</u>

5. Restricted cash

	2015	2014
Long-term:		
CMHC replacement reserve	278,102	278,070
CMHC operating reserve	118,624	79,081
	<u>396,726</u>	<u>357,151</u>

6. Portfolio investments

	2015	2014
Measured at cost:		
IMI Brokerage LP	20,000	20,000
MLTC Resource Development Inc.	1	1
MLTC Resource Development LP	1	1
Bird's Confectionary	1,500	1,500
	<u>21,502</u>	<u>21,502</u>

7. Due from Waterhen Forestry Products Inc.

During a previous year, funds were advanced to Waterhen Forestry Products Inc., a wholly owned business entity of the First Nation. The advances are unsecured, bear no interest and have no fixed terms of repayment.

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

8. Investment in Waterhen Forestry Products Inc.

The First Nation has an investment in the following entity:

	2014	Current loss	2014
Wholly-owned Business:			
Waterhen Forestry Products Inc.	1,982,169	(164,392)	1,817,777

Summary financial information of the First Nation business enterprise, accounted for using the modified equity method, for its respective year-end is as follows:

	<i>Waterhen Forestry Products Inc. As at March 31, 2015</i>
Assets	
Accounts receivable	587,900
Equipment	2,971,511
Total assets	3,559,411
Liabilities	
Bank indebtedness	82,525
Accounts payable and accruals	555,702
Due to Waterhen Lake First Nation	75,683
Long-term debt	1,027,724
Total liabilities	1,741,634
Retained earnings	1,817,777
Total revenue	4,153,542
Total expenses	4,317,934
Comprehensive income	(164,392)

Waterhen Forestry Products Inc. has long-term debt which the First Nation has issued guarantees for repayment. The guarantees relate to loans outstanding of \$571,281 (2014 - \$1,060,664) used to acquire machinery. Interest rates range from prime +1.75% to prime + 2.00%. The current portion of these loans is \$216,029.

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2015	2014
Capital Trust		
Balance, beginning and end of year	33,890	33,890
Revenue Trust		
Balance, beginning of year	11,923	10,248
Interest	1,809	1,675
Land leases	11,917	-
Balance, end of year	25,649	11,923
	59,539	45,813

10. Bank indebtedness

Bank indebtedness includes draws against lines of credit and bank balance less outstanding cheques. At March 31, 2015 the First Nation had a line of credit available:

- - approved limit of \$250,000; of which \$248,266 has been drawn.

The line of credit charges interest at bank prime plus 1.25% and is secured by a General Security Agreement allowing for a first charge on all assets and direction of AANDC funding to First Nations Bank.

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Long-term debt

	2015	2014
First Nations Bank loan repayable in quarterly instalments of \$50,000 plus monthly interest at prime plus 2.0%. Secured by a general security agreement of the First Nation. Due April 2016.	250,000	450,000
First Nations Bank demand loan at an interest rate of prime plus 1.25% for the construction of 10 band homes. No stated principal repayment amounts. Principal disbursements occur on demand. Secured by First Nations Trust gaming distribution and fire insurance. Due November 2015.	1,221,115	-
First Nations Bank loan advances in regard to the RCMP building project, repayable in monthly instalments of \$1,612 blended principal and interest at 5.05%. Secured by a general security agreement of the First Nation. Due September 2018.	265,207	271,075
First Nations Bank loan in regard to a grader purchase, repayable in monthly instalments of \$3,770 blended principal and interest at prime plus 1.25%, due April 2019. Secured by a general security agreement of the First Nation and equipment having net book value of \$167,452.	169,308	206,484
First Nations Bank operating debt repayable in monthly instalments of \$2,292 blended principal and interest at 5.5%, due October 2018. Secured by a general security agreement of the First Nation.	88,856	111,275
CMHC Mortgage, phase 1, repayable in monthly instalments of \$746 blended principal and interest at 1.05%. Secured by a guarantee by AANDC. Due January 2025.	83,598	91,090
CMHC Mortgage, phase 2, repayable in monthly instalments of \$1,978 blended principal and interest at 2.26%. Secured by a guarantee by AANDC. Due June 2026.	235,687	254,380
CMHC Mortgage, phase 3, repayable in monthly instalments of \$1,365 blended principal and interest at 2.35%. Secured by a guarantee by AANDC. Due July 2028.	187,463	199,704
CMHC Mortgage, phase 4, repayable in monthly instalments of \$2,295 blended principal and interest at 2.69%. Secured by a guarantee by AANDC. Due July 2025.	248,487	269,701
Ford Credit finance contract repayable in monthly instalments of \$1,049 blended principal and interest at 6.69%. Secured by a vehicle of the First Nation.	6,153	17,900
Ford Credit finance.	-	13,092
	2,755,874	1,884,701
Less: current portion	1,554,067	347,528
	1,201,807	1,537,173

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:

2016	1,554,067
2017	181,590
2018	136,583
2019	129,649
2020	76,065

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Long-term debt *(Continued from previous page)*

Long-term debt is subject to certain financial covenants with respect to timely submission of the annual audited financial statements to their lender as well as restrictions that may be in place. As at March 31, 2015, the First Nation is in compliance with all such covenants. It is management's opinion that the First Nation is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2015.

12. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Buildings	8,792,111	59,041	-	5,478,087	3,373,065
Housing	9,426,075	1,240,719	-	6,750,813	3,915,981
Equipment	729,030	44,085	-	675,212	97,903
Infrastructure	7,427,216	-	-	2,129,693	5,297,523
CMHC Housing	1,546,963	116,750	-	564,099	1,099,614
Automotive	763,313	-	-	475,294	288,019
	28,684,708	1,460,595	-	16,073,198	14,072,105

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>
Buildings	8,539,625	252,486	-	5,221,980	3,570,131
Housing	9,426,075	-	-	6,395,609	3,030,466
Equipment	722,195	6,835	-	654,718	74,312
Infrastructure	7,427,216	-	-	1,981,149	5,446,067
CMHC Housing	1,573,560	219,803	246,400	508,697	1,038,266
Automotive	763,313	-	-	402,945	360,368
	28,451,984	479,124	246,400	15,165,098	13,519,610

Amortization expense of \$908,100 (2014 - \$877,373) was recorded in the Capital segment. Total amortization expense comprises \$55,402 amortization for CMHC housing, \$355,204 for housing, \$256,107 for buildings, \$20,494 for equipment, \$72,349 for automotive, and \$148,544 for infrastructure.

Buildings includes assets under construction with a carrying value of \$379,944 (2014 - \$361,970) for which no amortization has been recorded. CMHC Housing includes assets under construction with a carrying value of \$nil (2014 - \$219,803) for which no amortization has been recorded.

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

13. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Equity in Ottawa Trust Funds	59,539	45,813
Equity in investments	1,839,279	2,003,671
CMHC reserves	514,821	482,739
Equity in tangible capital assets	11,655,087	12,196,184
Operating	(892,083)	(885,133)
	13,176,643	13,843,274

The equity in tangible capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating tangible capital assets that will be used to provide future services.

The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

The equity in investments represents amounts not readily available for operations as the investments are not likely to be liquidated within the next year.

14. Canada Mortgage and Housing Corporation reserves

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- The replacement reserve requires an annual cash allocation of \$26,180 to ensure replacement of housing unit components. At March 31, 2015, the replacement reserve is required to be funded to a level of \$301,589 (2014 - \$275,906). At March 31, 2015 the cash balance in the reserve is \$278,102 (2014 - \$278,070).
- An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program requires any surpluses to be funded with cash. These reserve funds may be used to offset any future deficits incurred in the Post 97 Housing Program. At March 31, 2015 the operating reserve is required to be funded to a level of \$213,232 (2014 - \$206,833). At March 31, 2015 the cash balance in the reserve is \$118,624 (2014 - \$79,081).

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

15. Reconciliation of funding from Aboriginal Affairs and Northern Development Canada

Funding per AANDC confirmation	4,465,802
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16. Economic dependence

Waterhen Lake First Nation receives substantially all 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 Indian Act. 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.

Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

17. Budget information

The disclosed budget information was approved by the Chief and Council of the Waterhen Lake First Nation on April 17, 2014.

In preparation of the annual budget of the First nation, management does not budget for purchases of capital assets or principal payments on debt.

The budget process followed by management only includes activities directly by the First Nation. Management does not prepare a budget for capital projects administered through third party project managers.

Waterhen Lake First Nation
Schedule 1 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2015

	<i>2015 Budget (Note 17)</i>	<i>2015</i>	<i>2014</i>
Consolidated expenses by object			
Administration	-	2,350	1,000
Advertising	-	3,788	2,221
Amortization	-	908,100	877,373
Assistance	102,000	1,490,667	1,355,125
Assisted living	-	17,570	-
Bad debts (recovery)	-	(12,704)	132,620
Bank charges and interest	19,000	40,405	44,957
Child care	6,000	6,000	4,110
Community donations	5,000	928	940
Community support	-	15,019	18,725
Contracted services	534,822	958,394	945,499
Cost of goods sold	-	14,951	260,759
Cultural activities	79,950	106,635	108,141
Economic	25,000	29,978	13,264
Elders fees	24,900	4,800	69,437
Election	-	20,100	-
Expense recoveries	(30,500)	(104,998)	(68,619)
Forfeited funding	-	-	8,043
Child nutrition program	78,676	78,677	41,497
Health	14,931	6,165	3,835
Honouraria	366,800	361,712	367,295
Insurance	53,046	119,121	69,691
Inter program administration fees	32,200	-	-
Interest on long-term debt	278,819	82,161	87,860
Meeting	15,000	19,125	2,783
Miscellaneous	68,400	2,500	4,700
Office equipment lease	34,500	33,896	34,824
Prevention	6,500	87,780	6,850
Professional development	33,500	25,804	27,398
Professional fees	84,000	133,189	156,511
Program expense	31,700	39,802	31,675
Rent	-	-	2,644
Repairs and maintenance	275,471	322,115	364,899
Salaries and benefits	3,263,663	3,314,889	3,320,367
Sports, recreation and extra curricular activities	13,400	4,140	51,379
Student allowances	252,255	404,432	385,304
Student expenses	4,888	14,903	32,167
Student transportation	30,000	26,152	25,254
Supplies	570,651	596,282	594,416
Telephone	43,650	54,854	55,220
Training	125,791	115,812	104,839
Travel	379,942	473,325	416,899
Tuition	147,000	204,968	240,348
Utilities	240,012	301,575	310,991
	7,210,967	10,325,362	10,513,241

**Waterhen Lake First Nation
Administration**

Schedule 2 - Schedule of Segment Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	532,391	571,068	535,425
Other revenue	-	10,561	26,420
Meadow Lake Tribal Council	136,274	137,320	162,371
GST and Sales Tax rebates	34,000	33,260	16,131
Province of Saskatchewan	-	27,176	15,000
	702,665	779,385	755,347
Expenses			
Bad debts (recovery)	-	(12,704)	58,694
Bank charges and interest	19,000	30,633	29,530
Contracted services	13,000	88,159	31,958
Election	-	20,100	-
Expense recoveries	(30,000)	(62,805)	(39,645)
Honouraria	336,000	338,533	338,038
Insurance	16,847	12,620	11,178
Inter program administration fees	(408,393)	(409,761)	(432,645)
Interest on long-term debt	-	-	27,121
Office equipment lease	8,500	-	1,567
Professional development	17,500	8,838	16,991
Professional fees	59,000	107,178	116,911
Repairs and maintenance	500	370	340
Salaries and benefits	544,519	532,005	414,174
Supplies	140,912	130,445	134,319
Telephone	30,400	30,125	30,451
Travel	180,000	222,216	181,467
Utilities	12,000	8,297	13,268
	939,785	1,044,249	933,717
Deficit before transfers	(237,120)	(264,864)	(178,370)
Transfers between programs	-	277,400	218,618
Surplus (deficit)	(237,120)	12,536	40,248

Waterhen Lake First Nation
Band Programs
Schedule 3 - Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	-	-	10,330
Other revenue	101,902	29,467	12,500
Meadow Lake Tribal Council	94,521	205,114	207,384
Northern Lights CDC	-	-	20,930
Rental income	-	52,039	70,054
Interest income	-	1,809	1,675
First Nations Trust	640,000	692,433	721,908
Province of Saskatchewan	-	21,000	21,000
	836,423	1,001,862	1,065,781
Expenses			
Administration	-	-	1,000
Assistance	82,000	88,090	78,121
Bank charges and interest	-	194	219
Community donations	5,000	928	940
Community support	-	15,019	18,725
Contracted services	13,500	5,785	20,271
Cultural activities	23,000	56,785	47,093
Elders fees	4,900	4,800	69,437
Expense recoveries	-	(23)	(19,007)
Honouraria	8,800	8,669	6,165
Insurance	-	3,959	6,297
Inter program administration fees	-	1,000	1,000
Interest on long-term debt	208,000	21,741	13,792
Meeting	-	325	-
Miscellaneous	4,000	2,500	4,386
Professional fees	-	1,000	750
Program expense	-	9,675	-
Repairs and maintenance	-	680	5,988
Salaries and benefits	169,255	177,437	198,779
Sports, recreation and extra curricular activities	-	4,040	10,930
Supplies	40,000	20,422	49,479
Telephone	-	-	80
Travel	7,779	12,378	17,478
Utilities	48,000	55,122	53,206
	614,234	490,526	585,129
Surplus before transfers	222,189	511,336	480,652
Transfers between programs	(22,100)	(470,790)	(460,728)
Surplus	200,089	40,546	19,924

Waterhen Lake First Nation
Capital

Schedule 4 - Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	337,603	337,603	444,323
Other revenue	-	-	18,295
Meadow Lake Tribal Council	-	-	108,570
Canada Mortgage and Housing Corporation	-	73,892	119,113
Northern Lights CDC	-	37,657	96,578
Rental income	-	68,879	63,075
	337,603	518,031	849,954
Expenses			
Administration	-	1,850	-
Amortization	-	908,100	877,373
Bank charges and interest	-	1,198	841
Contracted services	44,843	230,365	265,499
Insurance	-	32,850	18,260
Inter program administration fees	37,760	-	-
Interest on long-term debt	-	45,533	21,851
Professional fees	-	6,804	4,950
Program expense	-	-	2,915
Repairs and maintenance	245,000	231,262	335,502
Salaries and benefits	-	19,727	41,580
Supplies	-	6,761	11,072
Travel	10,000	37,961	19,366
Utilities	-	1,815	-
	337,603	1,524,226	1,599,209
Operating deficit before other items	-	(1,006,195)	(749,255)
Other income			
Gain on disposal of tangible capital assets	-	111,750	18,787
Deficit before transfers	-	(894,445)	(730,468)
Transfers between programs	-	-	167,237
Deficit	-	(894,445)	(563,231)

Waterhen Lake First Nation
Economic Development
Schedule 5 - Schedule of Segment Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	-	-	42,185
Meadow Lake Tribal Council	62,486	98,589	63,682
Mistik Management Ltd.	-	-	74,125
Other revenue	-	65,215	-
Earnings (loss) from investment in Nation business entities	-	(164,392)	516,401
Investment income - MLTC Resource Development LP	-	150,000	100,000
Retail sales - Waterhen Lake Resort (North) Ltd.	-	-	203,523
Retail sales - Waterhen Lake Resort (South) Ltd.	-	149,722	150,454
Northern Lights CDC	-	26,530	-
	62,486	325,664	1,150,370
Expenses			
Advertising	-	3,788	2,221
Bad debts (recovery)	-	-	73,926
Bank charges and interest	-	7,578	14,366
Contracted services	31,237	1,333	96,835
Cost of goods sold	-	14,951	260,759
Economic	25,000	29,978	13,264
Expense recoveries	-	-	(360)
Insurance	-	2,930	2,836
Inter program administration fees	6,249	6,359	6,368
Interest on long-term debt	-	5,467	2,737
Professional fees	-	4,273	33,900
Rent	-	-	2,643
Repairs and maintenance	-	14,621	4,353
Salaries and benefits	-	45,142	91,232
Supplies	-	6,799	8,338
Telephone	-	-	4,241
Travel	-	10,709	10,832
Utilities	-	25,084	13,237
	62,486	179,012	641,728
Surplus before transfers	-	146,652	508,642
Transfers between programs	-	(20,000)	-
Surplus	-	126,652	508,642

Waterhen Lake First Nation
Education

Schedule 6 - Schedule of Segment Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	2,643,335	2,669,540	2,624,209
Other revenue	-	-	12,481
Meadow Lake Tribal Council - Health Services	69,060	72,931	77,807
Meadow Lake Tribal Council	220,635	220,635	220,635
	2,933,030	2,963,106	2,935,132
Expenses			
Assistance	20,000	11,697	-
Bank charges and interest	-	802	-
Contracted services	232,212	223,123	212,888
Cultural activities	29,000	21,851	6,419
Expense recoveries	-	(7,295)	(2,840)
Honouraria	11,500	9,145	17,856
Insurance	-	2,096	-
Inter program administration fees	221,668	220,188	220,062
Interest on long-term debt	13,000	1,354	11,519
Meeting	15,000	1,076	2,783
Miscellaneous	50,000	-	215
Office equipment lease	-	8,250	442
Professional development	6,500	7,334	1,510
Professional fees	-	5,497	-
Program expense	31,700	30,127	28,560
Repairs and maintenance	-	-	2,423
Salaries and benefits	1,540,682	1,434,949	1,587,464
Sports, recreation and extra curricular activities	13,400	100	13,534
Student allowances	252,255	404,432	385,304
Student expenses	4,888	14,903	32,167
Student transportation	30,000	26,152	25,254
Supplies	162,044	163,195	114,796
Telephone	800	2,362	6,763
Training	7,000	-	-
Travel	22,348	17,448	10,023
Tuition	147,000	204,968	240,348
Utilities	-	228	-
	2,810,997	2,803,982	2,917,490
Surplus (deficit) before transfers	122,033	159,124	17,642
Transfers between programs	22,100	9,598	-
Surplus	144,133	168,722	17,642

Waterhen Lake First Nation
Health

Schedule 7 - Schedule of Segment Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Other revenue	16,000	10,000	5,805
Meadow Lake Tribal Council - Health Services	875,465	1,012,319	885,584
Meadow Lake Tribal Council	25,000	35,000	35,000
Health Canada	35,000	35,000	38,186
Meadow Lake Tribal Council CFS Inc.	122,929	257,122	167,929
	1,074,394	1,349,441	1,132,504
Expenses			
Administration	-	500	-
Contracted services	22,330	101,144	79,313
Cultural activities	-	-	19,416
Elders fees	20,000	-	-
Expense recoveries	(500)	(7,054)	(4,196)
Forfeited funding	-	-	8,043
Health	14,931	6,165	3,835
Honouraria	4,200	2,850	4,036
Insurance	2,745	7,286	2,707
Inter program administration fees	105,691	133,263	113,719
Meeting	-	17,724	-
Office equipment lease	26,000	25,646	32,815
Prevention	6,500	87,780	6,850
Professional development	4,000	7,136	3,561
Repairs and maintenance	3,280	20,434	930
Salaries and benefits	619,295	694,185	569,449
Supplies	90,294	109,371	110,022
Telephone	8,850	12,739	9,097
Training	20,850	17,871	8,791
Travel	82,316	83,017	90,549
Utilities	23,500	25,155	26,317
	1,054,282	1,345,212	1,085,254
Surplus	20,112	4,229	47,250

Waterhen Lake First Nation
Infrastructure

Schedule 8 - Schedule of Segment Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2015

	<i>2015 Budget (Note 17)</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	230,083	588,285	586,469
Other revenue	35,475	-	-
Meadow Lake Tribal Council	322,727	-	-
Rental income	37,000	54,749	937
Department of Highways	37,000	17,325	17,496
	662,285	660,359	604,902
Expenses			
Contracted services	123,000	234,982	109,928
Expense recoveries	-	(27,821)	(2,572)
Insurance	33,454	57,380	28,413
Inter program administration fees	55,288	35,013	55,844
Interest on long-term debt	57,819	8,066	10,840
Miscellaneous	14,400	-	99
Professional development	2,500	2,250	1,782
Repairs and maintenance	26,691	54,748	15,363
Salaries and benefits	306,044	263,327	303,869
Supplies	129,000	151,171	156,508
Telephone	3,600	9,628	4,588
Travel	43,500	46,901	47,353
Utilities	156,512	185,874	204,963
	951,808	1,021,519	936,978
Deficit before transfers	(289,523)	(361,160)	(332,076)
Transfers between programs	-	203,792	74,873
Deficit	(289,523)	(157,368)	(257,203)

Waterhen Lake First Nation
Reserves and Trusts

Schedule 9 - Schedule of Segment Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2015

	<i>2015 Budget (Note 17)</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	14,401	14,401	14,056
Mistik Management Ltd.	90,000	117,868	92,072
	104,401	132,269	106,128
Expenses			
Contracted services	46,700	65,243	80,400
Honouraria	6,300	2,515	1,200
Professional development	-	246	-
Professional fees	25,000	8,437	-
Supplies	1,401	4,114	3,010
Travel	25,000	20,866	30,652
	104,401	101,421	115,262
Surplus (deficit)	-	30,848	(9,134)

Waterhen Lake First Nation
Social Services
Schedule 10 - Schedule of Segment Revenue and Expenses Surplus (Deficit)
For the year ended March 31, 2015

	2015 Budget (Note 17)	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	267,335	284,905	273,922
Meadow Lake Tribal Council - Health Services	139,380	139,380	139,380
Meadow Lake Tribal Council	-	1,392,579	1,243,376
	406,715	1,816,864	1,656,678
Expenses			
Assistance	-	1,390,880	1,277,003
Assisted living	-	17,570	-
Child care	6,000	6,000	4,110
Child nutrition program	78,676	78,677	41,497
Contracted services	8,000	8,260	48,408
Cultural activities	27,950	27,999	35,213
Inter program administration fees	13,938	13,938	35,653
Professional development	3,000	-	3,554
Program expense	-	-	200
Salaries and benefits	83,866	148,117	113,821
Sports, recreation and extra curricular activities	-	-	26,916
Supplies	7,000	4,004	6,871
Training	97,941	97,941	96,048
Travel	9,000	21,829	9,180
	335,371	1,815,215	1,698,474
Surplus (deficit)	71,344	1,649	(41,796)