



Waterhen Lake First Nation
Consolidated Financial Statements
March 31, 2017



Waterhen Lake First Nation

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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.

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.

July 10, 2017

Signed By: Kelly 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, 2017 and the consolidated statements of operations and accumulated surplus, changes in net financial 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, 2017 and the results of its operations, changes in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Saskatoon, Saskatchewan

July 10, 2017

MNP LLP

Chartered Professional Accountants



Waterhen Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016	
Financial assets			
Current			
Cash	460,711	275,410	
Accounts receivable (Note 3)	298,429	207,847	
Inventory for resale	1,500	1,500	
Restricted cash (Note 4)	46,717	-	
	807,357	484,757	
Portfolio investments (Note 5)	11,302	21,502	
Investment in Waterhen Forestry Products Inc. (Note 6)	1,662,052	2,174,031	
Funds held in trust (Note 7)	123,018	61,183	
Restricted cash (Note 4)	402,133	440,330	
Total financial assets	3,005,862	3,181,803	
Liabilities			
Current			
Accounts payable and accruals	652,745	369,746	
Deferred revenue (Note 9)	716,893	185,798	
Current portion of long-term debt (Note 10)	479,927	445,949	
	1,849,565	1,001,493	
Long-term debt (Note 10)	1,996,748	2,521,417	
Total financial liabilities	3,846,313	3,522,910	
Net debt	(840,451)	(341,107)	
Non-financial assets			
Tangible capital assets (Note 11)	13,710,995	13,492,376	
Prepaid expenses	50,000	157,063	
Total non-financial assets	13,760,995	13,649,439	
Accumulated surplus (Note 12)	12,920,544	13,308,332	
Approved by:			
Signed By: Joanne Roy	Chief	Signed By: David Fleury	Councillor
	Councillor	Signed By: Blaine Fiddler	Councillor
Signed By: Karnella Fiddler	Councillor	Signed By: Ableheza Ernest	Councillor

The accompanying notes are an integral part of these financial statements



Waterhen Lake First Nation

Consolidated Statement of Operations and Surplus

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenues			
Indigenous and Northern Affairs Canada (Note 14)	5,217,014	5,910,399	4,631,142
MLTC Program Services Inc.	951,267	2,359,370	2,186,845
Meadow Lake Health & Social Development Authority Inc.	1,290,051	1,289,082	1,185,482
Mistik Management Ltd.	-	231,507	158,363
Canada Mortgage and Housing Corporation	-	231,113	71,817
Other revenue	-	161,306	85,534
Health Canada	35,000	36,588	35,000
First Nations Trust	664,377	643,532	703,893
Meadow Lake Tribal Council CFS Inc.	259,839	259,839	259,839
Rental income	44,948	175,245	239,758
Retail sales - Waterhen Lake Resort (South) Ltd.	-	146,392	158,452
Province of Saskatchewan	88,000	113,770	21,000
Northern Lights CDC	124,224	144,174	163,261
GST and Sales Tax rebates	-	38,681	35,640
Department of Highways	10,000	13,128	23,355
Interest income	-	8,009	1,644
Investment income - MLTC Resource Development LP	-	-	450,000
Earnings (loss) from investment in Nation business entities (Note 6)	-	(361,979)	400,519
Crawford Class Action Services	-	-	933,000
Recovery of prior year INAC funding	-	(12,172)	(49,503)
	8,684,720	11,387,984	11,695,041
Program expenses			
Administration	626,745	1,142,007	1,708,354
Band Programs	716,900	601,563	600,879
Capital	337,603	1,977,938	1,614,148
Economic Development	155,914	321,848	247,613
Education	3,418,443	3,529,769	3,022,523
Health	1,268,428	1,387,504	1,393,768
Infrastructure	695,447	946,964	1,007,968
Reserves and Trusts	14,566	20,524	67,388
Social Services	420,781	2,029,433	1,900,711
	7,654,827	11,957,550	11,563,352
Operating surplus (deficit) before other income	1,029,893	(569,566)	131,689
Other income			
Gain on sale of portfolio investment	-	181,778	-
Surplus (deficit)	1,029,893	(387,788)	131,689
Accumulated surplus, beginning of year	13,308,332	13,308,332	13,176,643
Accumulated surplus, end of year (Note 12)	14,338,225	12,920,544	13,308,332

The accompanying notes are an integral part of these financial statements



Waterhen Lake First Nation
Consolidated Statement of Change in Net Financial Debt
For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Annual surplus (deficit)	1,029,893	(387,788)	131,689
Purchases of tangible capital assets	-	(1,122,182)	(326,580)
Amortization of tangible capital assets	-	903,563	906,309
Acquisition of prepaid expenses	-	-	(47,063)
Use of prepaid expenses	-	107,063	-
Decrease in net debt	1,029,893	(499,344)	664,355
Net financial debt, beginning of year	(341,107)	(341,107)	(1,005,462)
Net debt, end of year	688,786	(840,451)	(341,107)

The accompanying notes are an integral part of these financial statements



Waterhen Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(387,788)	131,689
Non-cash items		
Amortization	903,563	906,309
Gain on sale of portfolio investment	(181,778)	-
Loss (earnings) from investment in Nation business entities	361,979	(400,519)
	695,976	637,479
Changes in working capital accounts		
Accounts receivable	(90,582)	(74,899)
Prepaid expenses	107,063	(47,063)
Restricted cash	(8,520)	(43,604)
Accounts payable and accruals	282,999	(65,284)
Due from Waterhen Forestry Products Inc	-	75,683
Deferred revenue	531,095	146,306
	1,518,031	628,618
Financing activities		
Decrease in bank indebtedness	-	(280,741)
Advances of long-term debt	39,875	708,312
Repayment of long-term debt	(530,566)	(496,820)
	(490,691)	(69,249)
Capital activities		
Purchases of tangible capital assets	(1,122,182)	(326,580)
Investing activities		
Increase in funds held in trust	(61,835)	(1,644)
Distributions from investments	150,000	44,265
Proceeds from sale of portfolio investment	191,978	-
	280,143	42,621
Increase in cash resources	185,301	275,410
Cash resources, beginning of year	275,410	-
Cash resources, end of year	460,711	275,410

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, 2017

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

Other economic interests

The First Nation does not either share in the control or the profit or loss of the following entities. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of Waterhen Lake Cree Nation.

- The First Nation is a member of Meadow Lake Tribal Council. The Tribal Council is an organization of nine Nations.

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.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

2. Significant accounting policies (Continued from previous page)

Portfolio investments

Long-term investments in entities that are not controlled 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.

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 surplus for the year.

Asset classification

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

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.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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 tangible capital 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, 2017.

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

PS 3450 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, 2019. 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.

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

These standards are effective for fiscal years beginning on or after April 1, 2017. The First Nation does not expect the adoption of these new standards to have a material impact on its financial statements.

PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights

In June 2015, new PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights were included in the CPA Canada Public Sector Accounting Handbook (PSA HB).

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets. Under previous standards contingent assets could not be recognized.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

PS 3380 Contractual Rights establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

These standards are effective for fiscal years beginning on or after April 1, 2017. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

3. Accounts receivable

	2017	2016
Canada Mortgage and Housing Corporation	37,243	5,908
Indigenous and Northern Affairs Canada	114,687	-
Member and employee advances	78,433	73,933
Mistik Management Ltd.	-	52,810
MLTC Program Services Inc.	41,054	69,962
Northern Lights Community Development Corporation	-	61,099
Waterhen Forestry Products Inc.	13,800	-
Other	87,145	-
	372,362	281,780
Less: Allowance for doubtful accounts	73,933	73,933
	298,429	207,847

4. Restricted cash

	2017	2016
Current:		
INAC capital projects	46,717	-
Long-term:		
CMHC replacement reserve	230,109	281,245
CMHC operating reserve	172,024	159,085
	402,133	440,330
	448,850	440,330



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

5. Portfolio investments

	2017	2016
Measured at cost:		
IMI Brokerage LP	9,800	20,000
MLTC Resource Development Inc.	1	1
MLTC Resource Development LP	1	1
Bird's Confectionary	1,500	1,500
	11,302	21,502

6. Investment in Waterhen Forestry Products Inc.

The First Nation has an investment in the following entity:

	2016	Current loss	Distributions	2017
Wholly-owned Business:				
Waterhen Forestry Products Inc.	2,174,031	(361,979)	(150,000)	1,662,052

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, 2017</i>
Assets	
Current assets	514,214
Equipment	2,836,375
Total assets	3,350,589
Liabilities	
Current liabilities	1,377,483
Long-term liabilities	311,054
Total liabilities	1,688,537
Retained earnings	1,662,052
Total revenue	4,142,029
Total expenses	4,504,008
Comprehensive income	(361,979)

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

	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt owed to parties external to the First Nation							
Waterhen Forestry Products Inc.	561,000	369,000	200,000	117,000	76,000	25,000	1,348,000



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

6. Investment in Waterhen Forestry Products Inc. (Continued from previous page)

Waterhen Forestry Products Inc. has long-term debt which the First Nation has issued guarantees for repayment. The guarantees relate to loans outstanding of \$873,000 (2016 - \$693,000) used to acquire machinery. Interest rates range from prime +1.75% to 6.95%. The current portion of these loans is \$376,000 (2016 - \$183,000). Certain financial covenants on this debt were not complied with as at March 31, 2017, and the related debt was classified as a current liability as a result. Subsequent to year end, a waiver was obtained from the lender indicating that they will not demand full repayment as a result of this breach, therefore the loans guaranteed by the First Nation are not recorded on the statement of financial position.

7. Funds held in trust

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

	2017	2016
Capital Trust		
Balance, beginning and end of year	33,890	33,890
Timber	60,012	-
Balance, end of year	93,902	33,890
Revenue Trust		
Balance, beginning of year	27,293	25,649
Interest	1,823	1,644
Balance, end of year	29,116	27,293
	123,018	61,183

8. Bank indebtedness

Bank indebtedness includes draws against lines of credit and bank balance less outstanding cheques. At March 31, 2017 the First Nation had a line of credit available with an approved limit of \$250,000; of which \$nil 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 INAC funding to First Nations Bank.

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions.

	Balance, beginning of year	Contributions received	Amount recognized as revenue	Balance, end of year
Meadow Lake Health & Social Development Authority Inc.	127,587	632,054	682,182	77,459
MLTC Program Services Inc.	11,487	627,262	567,029	71,720
Northern Lights CDC	46,724	-	46,724	-
Indigenous and Northern Affairs Canada - capital projects	-	1,290,000	722,286	567,714
	185,798	2,549,316	2,018,221	716,893



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2017

10. Long-term debt

	2017	2016
First Nations Bank loan in regard to the construction of 10 band homes, repayable in quarterly principal instalments of \$35,000 and monthly interest at prime plus 1.85%. Secured by First Nations Trust gaming distributions and fire insurance. Due April 2025.	1,151,659	1,291,659
First Nations Bank loan in regard to operations, repayable in quarterly instalments of \$42,705 blended principal and interest at prime plus 2.05%, due January 2019. Secured by a general security agreement of the First Nation and redirection of Mistik Management receipts.	245,833	475,000
First Nations Bank loan 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.	252,744	259,150
First Nations Bank loan in regard to a grader purchase, repayable in monthly instalments of \$3,770 blended principal and interest at 4.25%, due April 2019. Secured by a general security agreement of the First Nation and equipment having net book value of \$119,609.	90,060	130,532
First Nations Bank loan in regard to a school bus purchase, repayable in monthly instalments of \$1,246 blended principal and interest at prime plus 1.85%, due December 2019. Secured by a school bus with net book value of \$51,542	38,267	51,158
First Nations Bank operating debt repayable in monthly instalments of \$2,292 blended principal and interest at prime plus 2.50%, due October 2018. Secured by a general security agreement of the First Nation.	40,801	65,482
First Nations Bank loan in regards to a sewer truck purchase, repayable in monthly instalments of \$13,446 blended principal and interest at prime plus 1.85%, due July 2017. Secured by a sewer truck with net book value of \$68,940	26,583	-
CMHC Mortgage, phase 1, repayable in monthly instalments of \$746 blended principal and interest at 1.05%. Secured by a Ministerial Guarantee. Due January 2025.	67,334	75,541
CMHC Mortgage, phase 2, repayable in monthly instalments of \$1,866 blended principal and interest at 1.05%. Secured by a Ministerial Guarantee. Due June 2026.	197,374	217,077
CMHC Mortgage, phase 3, repayable in monthly instalments of \$1,365 blended principal and interest at 2.35%. Secured by a Ministerial Guarantee by INAC. Due July 2028.	162,927	175,347
CMHC Mortgage, phase 4, repayable in monthly instalments of \$2,112 blended principal and interest at 0.94%. Secured by a Ministerial Guarantee. Due July 2025.	203,093	226,420
	2,476,675	2,967,366
Less: current portion	479,927	445,949
	1,996,748	2,521,417



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

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:

2018	479,927
2019	373,395
2020	228,227
2021	215,348
2022	216,620

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, 2017, 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, 2017.

11. Tangible capital assets

	2017				
	Cost	Additions	Disposals	Accumulated amortization	Net book value
Buildings	8,471,209	23,041	-	5,977,803	2,516,447
Housing	10,666,794	277,278	-	7,470,455	3,473,617
Equipment	892,268	-	-	731,470	160,798
Infrastructure	7,427,216	-	-	2,426,782	5,000,434
CMHC Housing	1,663,713	-	-	674,903	988,810
Automotive	885,740	76,600	-	601,657	360,683
Assets under construction	464,943	768,304	23,041	-	1,210,206
	30,471,883	1,145,223	23,041	17,883,070	13,710,995

	2016				
	Cost	Additions	Disposals	Accumulated amortization	Net book value
Buildings	8,386,209	85,000	-	5,733,775	2,737,434
Housing	10,666,794	-	-	7,106,017	3,560,777
Equipment	773,115	119,153	-	704,437	187,831
Infrastructure	7,427,216	-	-	2,278,237	5,148,979
CMHC Housing	1,663,713	-	-	619,501	1,044,212
Automotive	763,313	122,427	-	537,540	348,200
Assets under construction	464,943	-	-	-	464,943
	30,145,303	326,580	-	16,979,507	13,492,376

Amortization expense of \$903,563 (2016 - \$906,309) was recorded in the Capital segment. Total amortization expense comprises \$55,402 amortization for CMHC housing, \$364,438 for housing, \$244,028 for buildings, \$27,033 for equipment, \$64,117 for automotive, and \$148,545 for infrastructure.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

12. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Equity in Ottawa Trust Funds	123,018	61,183
Equity in investments	1,673,354	2,195,533
CMHC reserves	459,056	510,897
Equity in tangible capital assets	11,520,954	11,065,492
Operating	(855,838)	(524,773)
	12,920,544	13,308,332

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.

13. 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, 2017, the replacement reserve is required to be funded to a level of \$323,684 (2016 - \$330,912). At March 31, 2017 the cash balance in the reserve is \$230,109 (2016 - \$281,245).
- 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, 2017 the operating reserve is required to be funded to a level of \$135,372 (2016 - \$179,985). At March 31, 2017 the cash balance in the reserve is \$172,024 (2016 - \$159,085).

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.

14. Reconciliation of funding from Indigenous and Northern Affairs Canada

	2017	2016
Funding per AANDC confirmation	6,463,426	4,631,142
Add: Band employee benefits funding adjustment	14,687	-
Less Deferred revenue - INAC Fire Protection	(50,000)	-
Less Deferred revenue - INAC Water Treatment Plant	(113,462)	-
Less Deferred revenue - INAC School Roof	(19,507)	-
Less Deferred revenue - INAC Culture & Recreation	(135,766)	-
Less Deferred revenue - INAC Construction of Multi-units	(248,979)	-
	5,910,399	4,631,142



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

15. Economic dependence

Waterhen Lake First Nation receives substantially all of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC 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.

16. Budget information

The disclosed budget information was approved by the Chief and Council of the Waterhen Lake First Nation on April 12, 2016.

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 directed by the First Nation. Management does not prepare a budget for capital projects administered through third party project managers.

Income assistance programs funded by MLTC Program Services Inc. are not budgeted by management as they are reimbursement programs.

17. Comparative figures

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



Waterhen Lake First Nation
Schedule 1 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Consolidated expenses by object			
Advertising	-	3,017	298
Amortization	-	903,563	906,309
Assistance	99,097	1,399,443	1,559,762
Bad debts (recovery)	-	-	2,907
Bank charges and interest	18,000	24,269	32,559
Community donations	-	37,010	39,687
Contracted services	330,583	798,154	791,094
Cultural activities	111,217	103,214	109,457
Election	-	18,515	-
Expense recoveries	(84)	(52,563)	(153,712)
Honouraria	395,350	401,312	388,926
Insurance	19,950	118,465	133,027
Inter program administration fees	1,381	-	-
Interest on long-term debt	265,197	103,726	102,094
Office equipment lease	33,418	34,718	78,098
Prevention	112,527	142,795	56,506
Professional development	67,769	59,078	40,914
Professional fees	60,000	94,183	162,998
Program expense	119,143	114,056	56,380
Rent	-	-	7,310
Repairs and maintenance	119,880	524,945	416,820
Residential school payments	-	-	845,100
Salaries and benefits	3,755,940	4,005,470	3,653,702
Sports, recreation and extra curricular activities	10,189	112,829	77,130
Student expenses	634,424	415,275	425,885
Supplies	873,971	1,147,569	629,033
Telephone	42,336	70,091	56,429
Training	34,210	284,910	155,906
Travel	375,800	494,646	415,906
Tuition	-	251,740	269,633
Utilities	174,529	347,120	303,194
	7,654,827	11,957,550	11,563,352



Waterhen Lake First Nation
Administration

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

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	538,619	558,306	558,133
Other revenue	-	(1,554)	-
MLTC Program Services Inc.	144,026	134,464	138,624
GST and Sales Tax rebates	-	38,681	35,640
Northern Lights CDC	-	-	2,500
Crawford Class Action Services	-	-	933,000
Recovery of prior year INAC funding	-	(7,517)	(16,852)
	682,645	722,380	1,651,045
Expenses			
Bad debts (recovery)	-	-	2,907
Bank charges and interest	18,000	9,486	21,603
Contracted services	-	75,953	132,417
Election	-	18,515	-
Expense recoveries	-	(39,627)	(97,625)
Honouraria	370,000	373,114	360,522
Insurance	-	-	13,000
Inter program administration fees (recovery)	(456,517)	(159,066)	(480,574)
Interest on long-term debt	-	442	-
Office equipment lease	-	1,300	-
Professional development	5,000	2,332	2,804
Professional fees	60,000	87,882	144,551
Residential school payments	-	-	845,100
Salaries and benefits	419,262	521,147	513,767
Supplies	45,000	55,722	63,087
Telephone	22,000	37,478	26,626
Travel	140,000	151,379	157,970
Utilities	4,000	5,950	2,199
	626,745	1,142,007	1,708,354
Surplus (deficit)	55,900	(419,627)	(57,309)



Waterhen Lake First Nation Band Programs

Schedule 3 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
MLTC Program Services Inc.	240,415	197,759	248,317
Other revenue	-	131,255	40,705
Rental income	-	31,830	75,388
Interest income	-	1,824	1,644
First Nations Trust	664,377	643,532	703,893
Province of Saskatchewan	-	9,468	21,000
Northern Lights CDC	124,224	67,724	77,500
Investment income - MLTC Resource Development LP	-	-	450,000
	1,029,016	1,083,392	1,618,447
Expenses			
Assistance	90,000	41,395	69,185
Bank charges and interest	-	142	-
Community donations	-	37,010	39,687
Contracted services	-	2,400	3,404
Cultural activities	35,000	27,201	-
Expense recoveries	-	(800)	(28,644)
Honouraria	9,150	4,931	11,550
Insurance	-	-	3,169
Inter program administration fees	67,000	3,276	65,000
Interest on long-term debt	250,243	77,855	12,833
Professional development	1,000	490	-
Professional fees	-	1,313	1,050
Program expense	-	8,478	9,334
Salaries and benefits	218,807	174,369	224,429
Sports, recreation and extra curricular activities	10,000	8,925	76,118
Supplies	29,700	20,765	37,784
Telephone	-	783	-
Travel	6,000	23,447	15,591
Utilities	-	65,868	60,389
	716,900	497,848	600,879
Surplus before other items	312,116	585,544	1,017,568
Other income			
Gain on sale of portfolio investment	-	181,778	-
Surplus before transfers	312,116	767,322	1,017,568
Transfers between programs	-	-	(447,214)
Surplus	312,116	767,322	570,354



Waterhen Lake First Nation Capital

Schedule 4 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	707,603	1,309,889	337,603
Canada Mortgage and Housing Corporation	-	231,113	71,817
Rental income	-	76,416	91,843
Northern Lights CDC	-	-	83,261
Interest income	-	6,185	-
	707,603	1,623,603	584,524
Expenses			
Amortization	-	903,563	906,309
Bank charges and interest	-	514	1,387
Contracted services	80,000	314,258	188,970
Expense recoveries	-	(4,200)	-
Honouraria	1,300	1,125	325
Insurance	-	56,860	47,474
Inter program administration fees	33,760	-	33,760
Interest on long-term debt	-	18,441	74,063
Professional fees	-	4,988	7,549
Program expense	-	-	12,460
Repairs and maintenance	73,843	457,622	333,334
Salaries and benefits	-	20,183	2,814
Supplies	132,700	191,481	(1,183)
Travel	16,000	13,103	6,401
Utilities	-	-	485
	337,603	1,977,938	1,614,148
Surplus (deficit) before transfers	370,000	(354,335)	(1,029,624)
Transfers between programs	-	-	265,873
Surplus (deficit)	370,000	(354,335)	(763,751)



**Waterhen Lake First Nation
Economic Development**

Schedule 5 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
MLTC Program Services Inc.	64,786	76,273	52,621
Other revenue	-	15,772	10,196
Indigenous and Northern Affairs Canada	-	-	33,554
Earnings (loss) from investment in Nation business entities	-	(361,979)	400,519
Retail sales - Waterhen Lake Resort (South) Ltd.	-	146,392	158,452
Rental income	-	19,500	18,000
Province of Saskatchewan	88,000	104,302	-
Recovery of prior year INAC funding	-	(1,381)	-
	152,786	(1,121)	673,342
Expenses			
Advertising	-	3,017	298
Bank charges and interest	-	12,879	8,336
Contracted services	109,828	114,769	48,978
Insurance	-	434	3,308
Inter program administration fees	6,479	-	6,411
Interest on long-term debt	-	-	4,134
Program expense	25,307	18,500	13,500
Rent	-	-	7,310
Repairs and maintenance	6,000	14,699	25,849
Salaries and benefits	-	68,996	52,393
Supplies	-	21,721	28,262
Telephone	-	1,736	1,642
Travel	8,300	46,124	30,443
Utilities	-	18,973	16,749
	155,914	321,848	247,613
Surplus (deficit)	(3,128)	(322,969)	425,729



Waterhen Lake First Nation Education

Schedule 6 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	3,068,497	3,089,909	2,805,588
Meadow Lake Health & Social Development Authority	77,060	83,090	83,564
MLTC Program Services Inc.	398,222	397,284	220,935
Other revenue	-	-	29,000
Recovery of prior year INAC funding	-	(3,274)	(32,651)
	3,543,779	3,567,009	3,106,436
Expenses			
Assistance	9,097	8,897	11,815
Bank charges and interest	-	1,248	1,233
Contracted services	43,235	43,151	88,798
Cultural activities	166	166	7,000
Expense recoveries	(84)	(167)	(8,070)
Honouraria	8,900	18,342	11,254
Insurance	1,927	1,927	2,997
Inter program administration fees	161,023	27,319	159,943
Interest on long-term debt	14,954	2,063	4,597
Office equipment lease	6,750	6,750	9,000
Professional development	52,269	52,269	34,860
Salaries and benefits	2,031,674	2,033,437	1,777,465
Student expenses	634,424	415,275	425,885
Supplies	372,451	569,763	180,764
Telephone	1,704	3,891	3,725
Travel	79,953	93,698	41,624
Tuition	-	251,740	269,633
	3,418,443	3,529,769	3,022,523
Surplus	125,336	37,240	83,913



Waterhen Lake First Nation
Health

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

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Health Canada	35,000	36,588	35,000
Meadow Lake Health & Social Development Authority	1,067,980	1,059,235	1,032,367
MLTC Program Services Inc.	5,700	32,500	25,848
Other revenue	-	9,653	5,633
Meadow Lake Tribal Council CFS Inc.	259,839	259,839	259,839
	1,368,519	1,397,815	1,358,687
Expenses			
Contracted services	48,378	75,485	96,266
Expense recoveries	-	(6,645)	(14,088)
Honouraria	6,000	3,650	5,275
Insurance	4,023	9,688	6,491
Inter program administration fees	116,714	106,516	142,958
Office equipment lease	26,668	26,668	69,098
Prevention	112,527	142,795	56,506
Professional development	6,000	3,687	2,080
Repairs and maintenance	10,000	11,183	10,144
Salaries and benefits	754,341	762,340	737,040
Supplies	65,699	96,009	127,351
Telephone	10,770	14,405	11,092
Training	1,000	1,299	3,889
Travel	83,008	106,619	104,155
Utilities	8,300	25,862	23,077
Program expense	15,000	7,943	12,434
Sports, recreation and extra curricular activities	-	103,715	-
	1,268,428	1,491,219	1,393,768
Deficit before transfers	100,091	(93,404)	(35,081)
Transfers between programs	-	-	(11,500)
Surplus (deficit)	100,091	(93,404)	(46,581)



Waterhen Lake First Nation Infrastructure

Schedule 8 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit) For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	611,196	661,196	605,316
Rental income	44,948	47,499	54,527
Department of Highways	10,000	13,128	23,355
Northern Lights CDC	-	76,450	-
	666,144	798,273	683,198
Expenses			
Contracted services	30,890	128,421	166,925
Expense recoveries	-	(975)	(4,811)
Insurance	14,000	49,556	56,588
Inter program administration fees	56,964	5,998	52,608
Interest on long-term debt	-	4,925	6,467
Professional development	500	300	570
Repairs and maintenance	30,037	40,714	47,493
Salaries and benefits	217,114	257,585	247,931
Supplies	156,312	184,309	183,096
Telephone	7,862	11,798	13,344
Travel	19,539	33,866	37,462
Utilities	162,229	230,467	200,295
	695,447	946,964	1,007,968
Deficit before transfers	(29,303)	(148,691)	(324,770)
Transfers between programs	-	-	192,841
Deficit	(29,303)	(148,691)	(131,929)



**Waterhen Lake First Nation
Reserves and Trusts**

Schedule 9 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	14,565	14,565	14,414
Mistik Management Ltd.	-	231,507	158,363
	14,565	246,072	172,777
Expenses			
Contracted services	8,000	15,540	46,438
Honouraria	-	150	-
Inter program administration fees	1,457	1,456	-
Professional fees	-	-	9,848
Supplies	2,109	1,408	1,514
Travel	3,000	1,970	9,588
	14,566	20,524	67,388
Surplus (deficit)	(1)	225,548	105,389



Waterhen Lake First Nation Social Services

Schedule 10 - Consolidated Schedule of Revenue and Expenses and Surplus (Deficit)

For the year ended March 31, 2017

	2017 Budget (Note 16)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	276,534	276,534	276,534
Meadow Lake Health & Social Development Authority	145,011	146,757	69,551
MLTC Program Services Inc.	98,118	1,521,090	1,500,500
Other revenue	-	6,180	-
	519,663	1,950,561	1,846,585
Expenses			
Assistance	-	1,349,151	1,478,762
Contracted services	10,252	28,177	18,898
Cultural activities	76,051	75,847	102,457
Expense recoveries	-	(149)	(474)
Inter program administration fees	14,501	14,501	19,894
Professional development	3,000	-	600
Program expense	78,836	79,135	8,652
Repairs and maintenance	-	727	-
Salaries and benefits	114,742	167,413	97,863
Sports, recreation and extra curricular activities	189	189	1,012
Supplies	70,000	6,391	8,358
Training	33,210	283,611	152,017
Travel	20,000	24,440	12,672
	420,781	2,029,433	1,900,711
Surplus (deficit)	98,882	(78,872)	(54,126)