



**Waterhen Lake First Nation
Consolidated Financial Statements**

March 31, 2021



Waterhen Lake First Nation Contents

For the year ended March 31, 2021

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Management's Responsibility



To the Members of Waterhen Lake First Nation:

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 is responsible to design and maintain 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, an independent firm of Chartered Professional Accountants, 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 29, 2021

Signed by: Calvin Opikokew

Management

To the Members of Waterhen Lake First Nation:

Opinion

We have audited the consolidated financial statements of Waterhen Lake First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Notes 10 and 11 to the consolidated financial statements, which describe that Waterhen Lake First Nation has outstanding claims against the Government of Canada for damages sustained by the First Nation. The First Nation is financing the costs of these negotiations through bank loans and has taken insurance to repay the loans should the settlement proceeds not be sufficient to repay the loans. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Chief and Council for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Chief and Council are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued from previous page)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan
July 29, 2021

MNP LLP
Chartered Professional Accountants



Waterhen Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021	2020
Financial assets		
Current		
Cash	1,189,929	375,574
Accounts receivable (Note 3)	761,789	405,770
Inventory for resale	37,605	46,306
Restricted cash (Note 4)	2,660,551	1,801,097
Funds held in lawyer's trust	109,616	170,512
	4,759,490	2,799,259
Restricted cash (Note 4)	401,726	303,695
Portfolio investments (Note 5)	9,802	9,802
Investment in Nation business entity (Note 6)	2,260,350	2,311,396
Funds held in trust (Note 7)	280,605	276,518
Total financial assets	7,711,973	5,700,670
Liabilities		
Current		
Accounts payable and accruals (Note 11)	1,684,004	2,112,261
Deferred revenue (Note 9)	6,590,514	3,164,547
Current portion of long-term debt (Note 10)	611,000	563,000
	8,885,518	5,839,808
Long-term debt (Note 10)	6,120,819	4,671,002
Total financial liabilities	15,006,337	10,510,810
Net debt	(7,294,364)	(4,810,140)
Contingent assets (Note 11)		
Non-financial assets		
Tangible capital assets (Note 12)	25,034,150	21,876,652
Accumulated surplus (Note 13)	17,739,786	17,066,512

Approved by:

Signed by: Chief Blaine Fiddler	Chief	Signed by: David Fleury	Councillor
Signed by: Ableheza Ernest	Councillor	Signed by: Carolyn Bernard	Councillor
Signed by: Peter Bouvier	Councillor	Signed by: Karnella Fiddler	Councillor
		Signed by: Dustin Fiddler	



Waterhen Lake First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>Schedules</i>	<i>2021 Budget (Note 16)</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues				
Indigenous Services Canada (Note 14)		3,605,454	10,915,854	9,041,533
Meadow Lake Health & Social Development Authority Inc.		1,907,911	3,112,695	3,364,028
MLTC Program Services Inc.		388,238	2,013,535	2,435,296
Canada Mortgage and Housing Corporation		548,406	1,097,496	285,815
Other revenue		-	511,866	220,678
Mistik Management Ltd.		-	79,976	209,397
MLTC Child & Family Services Inc.		461,915	45,749	1,073,669
Retail sales		-	1,609,837	1,609,387
First Nations Trust		-	453,225	622,527
Earnings from investment in Nation business entity		-	229,050	451,039
Rental income		51,915	198,759	202,528
Investment income - MLTC Resource Development LP		-	125,000	185,000
GST and Sales Tax rebates		-	30,603	57,052
Northern Lights CDC		-	29,000	235,331
Miscellaneous		-	7,000	-
Interest income		-	5,524	30,946
Department of Highways		200,000	-	162,232
Prince Albert Development Corporation		-	-	40,122
Province of Saskatchewan		-	-	4,500
		7,163,839	20,465,169	20,231,080
Program expenses				
Administration	2	-	705,586	881,665
Band Programs	3	-	4,324,340	2,518,477
Capital	4	725,903	2,026,751	2,049,369
Economic Development	5	-	66,234	152,309
Education	6	3,808,524	4,650,772	4,310,234
Health	7	1,312,408	3,143,429	3,512,728
Infrastructure	8	603,485	1,545,432	1,182,167
Reserves and Trusts	9	-	91,837	81,745
Social Services	10	214,559	1,644,057	1,847,427
Resorts and Retail	11	-	1,612,762	1,608,633
		6,664,879	19,811,200	18,144,754
Annual surplus before other items		498,960	653,969	2,086,326
Other items				
Gain on disposal of tangible capital assets		-	19,305	16,000
Annual surplus		498,960	673,274	2,102,326
Accumulated surplus, beginning of year		17,066,512	17,066,512	14,964,186
Accumulated surplus, end of year (Note 13)		17,565,472	17,739,786	17,066,512



Waterhen Lake First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2021

	2021 Budget (Note 16)	2021 Actual	2020 Actual
Annual surplus	498,960	673,274	2,102,326
Purchases of tangible capital assets	-	(4,338,939)	(5,730,893)
Amortization of tangible capital assets	-	1,181,441	1,134,595
Gain on disposal of tangible capital assets	-	(19,305)	(16,000)
Proceeds on disposal of tangible capital assets	-	19,305	16,000
Decrease (increase) in net debt	498,960	(2,484,224)	(2,493,972)
Net debt, beginning of year	(4,810,140)	(4,810,140)	(2,316,168)
Net debt, end of year	(4,311,180)	(7,294,364)	(4,810,140)



Waterhen Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

2021 2020

Cash provided by (used for) the following activities

Operating activities

Annual surplus	673,274	2,102,326
Non-cash items		
Amortization	1,181,441	1,134,595
Gain on disposal of tangible capital assets	(19,305)	(16,000)
Earnings from investment in Nation business entities	(229,050)	(451,039)
	1,606,360	2,769,882
Changes in working capital accounts		
Accounts payable and accruals	(428,257)	1,305,388
Deferred revenue	3,425,967	2,237,665
Funds held in lawyer's trust	60,896	(170,512)
Accounts receivable	(356,019)	104,629
Inventory for resale	8,701	7,886
	4,317,648	6,254,938

Financing activities

Advances of long-term debt	3,138,173	1,968,486
Decrease in bank indebtedness	-	(226,514)
Repayment of long-term debt	(1,640,356)	(581,646)
	1,497,817	1,160,326

Capital activities

Purchases of tangible capital assets	(4,338,939)	(5,730,893)
Proceeds on disposal of tangible capital assets	19,305	16,000
	(4,319,634)	(5,714,893)

Investing activities

Increase of funds held in trust	(4,087)	(55,373)
Increase in restricted cash	(957,485)	(1,519,424)
Distributions received from investments	280,096	250,000
	(681,476)	(1,324,797)

Increase in cash resources

Cash resources, beginning of year	814,355	375,574
Cash resources, end of year	1,189,929	375,574



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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 controlled by the Nation.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The First Nation's operations were impacted by COVID-19 due to distancing measures, reduced gaming revenues from First Nations Trust, and reduced office hours. As the First Nation provides essential services to its members, Indigenous Services Canada has increased the amount of financial resources provided to the First Nation in order to ensure the safe and orderly provision of services. The First Nation's total revenues were not negatively impacted as a result.

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 LP 99.99% 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 First Nation.

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



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

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 computed using the retail method.

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.

The First Nation's original reserve land is recognized in the consolidated financial statements.

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

Assets under construction are not amortized until put into service.

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.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

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 10 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.
- Resorts and Retail - includes all activities relating to the operations of Resort (North) store and Resort (South) cabins and campground.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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

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.

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, 2021.

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.

3. Accounts receivable

	2021	2020
Canada Mortgage and Housing Corporation	96,413	14,285
Indigenous Services Canada	117,303	44,776
Goods and services tax recoverable	6,065	3,593
Member and employee advances	86,133	97,255
MLTC Program Services Inc.	61,047	36,900
Meadow Lake Health & Social Development Authority Inc.	226,708	-
Northern Lights Community Development Corporation	59,958	94,341
Trade receivables - Waterhen Lake Resort (North) Ltd.	79,496	187,410
Other	102,599	1,143
	<hr/>	<hr/>
	835,722	479,703
Less: Allowance for doubtful accounts	73,933	73,933
	<hr/>	<hr/>
	761,789	405,770



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

4. Restricted cash

	2021	2020
Current:		
ISC capital projects	2,660,551	1,801,097
Long-term:		
CMHC replacement reserve	246,909	239,821
CMHC operating reserve	154,817	63,874
	401,726	303,695
	3,062,277	2,104,792

5. Portfolio investments

	2021	2020
Measured at cost:		
IMI Brokerage LP	9,800	9,800
MLTC Resource Development Inc.	1	1
MLTC Resource Development LP	1	1
	9,802	9,802

6. Investment in Nation business entity

The First Nation has an investment in the following entity:

	2020	<i>Current income</i>	<i>Distributions</i>	2021
Government business enterprises				
Forestry Company	2,311,396	229,050	(280,096)	2,260,350

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>Forestry Company As at March 31, 2021</i>
Assets	
Current assets	781,867
Equipment	5,061,718
Total assets	5,843,585
Liabilities	
Current liabilities	1,437,655
Long-term liabilities	2,145,580
Total liabilities	3,583,235
Retained earnings	2,260,350
Total revenue	5,843,240
Total expenses	5,614,190
Comprehensive income	229,050



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

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

	2022	2023	2024	2025		Total
Forestry Company	416,862	345,675	226,016	124,800	-	1,113,353

The Nation's business entity has long-term debt which the First Nation has issued guarantees for repayment. The guarantees relate to loans outstanding of \$605,047 (2020 - \$821,372) used to acquire machinery. Interest rates range from prime +1.75% to prime + 2.00%. The current portion of these loans is \$207,662 (2020 - \$217,037).

7. Funds held in trust

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

	2021	2020
Ottawa Trust Fund - Capital Trust		
Balance, beginning and end of year	204,387	179,960
Timber	-	24,427
Transfer from Revenue Trust	25,400	-
Balance, end of year	229,787	204,387
Ottawa Trust Fund - Revenue Trust		
Balance, beginning of year	72,131	41,185
Interest	4,087	30,946
Transfer to Capital Trust	(25,400)	-
Balance, end of year	50,818	72,131
	280,605	276,518

8. Bank indebtedness

Bank indebtedness includes draws against lines of credit and bank balance less outstanding cheques. At March 31, 2021, the First Nation had a line of credit available with an approved limit of \$250,000; of which \$1,728 (2020 - \$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 ISC funding to First Nations Bank.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amount recognized as revenue</i>	<i>Balance, end of year</i>
Indigenous Services Canada	2,751,869	7,803,590	5,725,616	4,829,843
MLTC Program Services Inc.	60,715	1,785,273	1,549,154	296,834
Meadow Lake Health & Social Development Inc.	351,963	1,086,216	824,420	613,759
MLTC Child & Family Services Inc.	-	268,550	45,749	222,801
Canada Mortgage and Housing Corporation	-	1,439,124	811,847	627,277
	3,164,547	12,382,753	8,956,786	6,590,514

10. Long-term debt

Royal Bank of Canada demand loan, proceeds of which are used to pursue a claim against the Government of Canada. The loan may be drawn to a maximum of \$2,614,640. The loan requires quarterly transfers of interest only to the principal balance and is repayable the earlier of the date of a settlement payment from Canada or November 2025. Interest is calculated at bank prime plus 0.75%. Secured by an assignment of \$2,614,640 claim settlement proceeds and assignment of loan insurance policy and surety bond with AM Trust International (Note 11).

2021 2020

1,487,510 -

Royal Bank of Canada demand loan, proceeds of which are used to pursue a claim against the Government of Canada. The loan may be drawn to a maximum of \$2,988,160. The loan requires quarterly transfers of interest only to the principal balance and is repayable the earlier of the date of a settlement payment from Canada or November 2024. Interest is calculated at bank prime plus 0.75%. Secured by an assignment of \$2,988,160 claim settlement proceeds and assignment of loan insurance policy and surety bond with AM Trust International (Note 11).

1,021,734 917,865

First Nations Bank loan in regard to construction of 10 housing units and 2 RTM units, monthly interest payable at prime plus 1.85%. Repayable in quarterly principal payments of \$34,113, due June 2025. Secured by First Nations Trust distributions.

989,281 -

First Nations Bank loan in regard to construction of 5 housing units, monthly interest payable at prime plus 1.85%. Repayable in annual instalments of \$74,960, due May 2024. Secured by ISC funding Builder's All Risk Insurance, and Fire Insurance.

224,880 299,840

First Nations Bank loan in regard to the RCMP building project, repayable in monthly instalments of \$1,612 blended principal and interest at 5.30%, due September 2023. Secured by a general security agreement of the First Nation and GSA.

224,498 231,953

First Nations Bank loan in regard to the renovations and upgrades of M&N Resort, repayable in quarterly principal instalments of \$22,500 and monthly interest at prime plus 1.85%, due May 2023. Secured by First Nations Trust distributions.

202,500 292,500

First Nations Bank operating debt repayable in monthly instalments of \$2,417 plus interest at prime plus 2.50%, due November 2022. Secured by a general security agreement from the First Nation.

48,320 77,324

Ford Credit Canada finance loan for purchase of CFS Van, repayable in monthly installments of \$1,363 blended principal and interest at 6.29%, due November 2022.

24,585 38,903



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

	2021	2020
First Nations Bank loan repaid during the year.	-	731,659
First Nations Bank loan repaid during the year.	-	371,200
Brandt Finance loan for purchase of an equipment trailer, repayable in monthly installments of \$431 with 0.00% interest, due September 23, 2022. Secured by equipment having a net book value of \$12,413.	7,865	13,296
Brandt Finance loan for purchase of John Deere tractor, repayable in monthly installments of \$2,289 with 0.00% interest, due October 21, 2022. Secured by equipment having a net book value of \$76,891.	41,202	68,669
CMHC Mortgage, phase 1, repayable in monthly instalments of \$746 blended principal and interest at 1.05%. Secured by a Ministerial Guarantee and matures January 2025.	33,600	42,199
CMHC Mortgage, phase 2, repayable in monthly instalments of \$1,866 blended principal and interest at 1.05%. Secured by a Ministerial Guarantee and matures June 2026.	114,364	135,447
CMHC Mortgage, phase 3, repayable in monthly instalments of \$1,376 blended principal and interest at 2.52%. Secured by a Ministerial Guarantee and matures July 2028.	110,492	124,055
CMHC Mortgage, phase 4, repayable in monthly instalments of \$2,112 blended principal and interest at 0.94%. Secured by a Ministerial Guarantee and matures July 2025.	107,477	131,803
CMHC Mortgage, phase 5, repayable in monthly instalments of \$3,354 blended principal and interest at 2.50%. Secured by a Ministerial Guarantee and matures June 2033.	424,578	453,889
CMHC Mortgage, phase 6, repayable in monthly instalments of \$5,066 blended principal and interest at 2.14%. Secured by a Ministerial Guarantee and matures March 2034.	690,009	735,609
CMHC Mortgage, phase 7, repayable in monthly instalments of \$4,909 blended principal and interest at 0.80%. Secured by a Ministerial Guarantee and matures May 1, 2034.	735,959	567,791
CMHC Phase 8 housing mortgage advance.	242,965	-
	6,731,819	5,234,002
Less: current portion	611,000	563,000
	6,120,819	4,671,002

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:

2022	611,000
2023	587,000
2024	478,000
2025	1,415,000
2026	1,849,000



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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

2021 2020

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, 2021, the First Nation is not in compliance with respect to the timely submission of the annual financial statements to First Nations Bank. First Nations Bank indicated that they will not demand full repayment as a result of this breach therefore the full balances of the related amounts have not been classified as current liabilities. It is management's opinion that the First Nation is likely to be in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2021.

11. Contingent assets

In 2020, the First Nation initiated a reserve creation claim against the Government of Canada. The First Nation has obtained a loan to finance the costs of negotiating settlement on the claim. Insurance has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time a claim is resolved.

In 2019 the First Nation initiated a treaty benefits claim against the Government of Canada. The First Nation has obtained a loan to finance the costs of negotiating settlement on the claim. Insurance has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time a claim is resolved.

As of March 31, 2021, expenses totaling \$1,725,396 (2020 - \$1,643,042) for the two claims has been incurred and available financing drawn (Note 10) of \$2,509,244 (2020 - \$917,865) and accounts payable outstanding of \$1,033,292 (2020 - \$898,941) which will be paid for through financing by RBC (Note 10). The First Nation anticipates these costs will be paid from settlement proceeds. When a claim is finalized or the insurance proceeds are paid, the amounts will be recognized in revenue.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

12. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2021 Net book value
Buildings	9,279,638	40,000	-	7,907,648	1,411,990
Housing	13,129,309	1,069,853	-	8,307,958	5,891,204
Equipment	1,213,630	72,828	-	908,330	378,128
Infrastructure	7,646,922	-	-	3,108,842	4,538,080
CMHC Housing	3,188,093	-	-	1,046,033	2,142,060
Automotive	1,323,150	22,299	-	962,612	382,837
Assets under construction	7,155,892	3,133,959	-	-	10,289,851
	42,936,634	4,338,939	-	22,241,423	25,034,150
					2020
	Cost	Additions	Disposals	Accumulated amortization	Net book value
Buildings	9,258,835	20,803	-	7,199,556	2,080,082
Housing	12,714,586	414,723	-	8,307,958	4,821,351
Equipment	964,300	249,330	-	845,812	367,818
Infrastructure	7,646,922	-	-	2,938,325	4,708,597
CMHC Housing	3,188,093	-	-	904,659	2,283,434
Automotive	1,265,069	58,081	-	863,672	459,478
Assets under construction	2,167,936	4,987,956	-	-	7,155,892
	37,205,741	5,730,893	-	21,059,982	21,876,652

Amortization expense of \$1,151,559 (2020 - \$1,104,752) was recorded in the Capital segment and \$29,882 (2020 - \$29,843) was recorded in the Resorts and Retail segment. Total amortization expense comprises \$141,374 (2020 - \$106,163) amortization for CMHC housing, \$688,024 (2020 - \$437,206) for housing, \$20,068 (2020 - \$269,010) for buildings, \$62,518 (2020 - \$54,992) for equipment, \$98,940 (2020 - \$96,708) for automotive, and \$170,517 (2020 - \$170,516) for infrastructure.

Additions to assets under construction are recorded net of transfers of completed tangible capital assets to housing and buildings of \$3,133,959 (2020 - \$4,987,956).

Details of amounts included in assets under construction are as follows:

Project	Budget	Cumulative costs to March 31, 2021
ISC Lagoon Expansion (AT511)	3,089,000	740,704
ISC WTP Expansion (AT308)	6,989,500	5,904,720
ISC School Roof Repair (AT312)	2,306,000	1,572,196
ISC Immediate Needs Housing	748,500	649,784
CMHC Rapid Housing Initiative	1,439,124	811,846
CMHC Phase 8 housing units	570,435	610,601



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

13. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Equity in Ottawa Trust Funds	280,605	276,518
Equity in investments	2,270,152	2,321,198
CMHC reserves	308,099	364,351
Equity in tangible capital assets	21,062,398	17,930,341
Treaty Benefits and Reserve Creation claims	(3,368,438)	(1,643,042)
Operating	(2,813,030)	(2,182,854)
	17,739,786	17,066,512

The equity in Ottawa Trust Funds represents moneys owned by the First Nation and held by the Government of Canada.

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. At March 31, 2021 the CMHC reserves are appropriately funded (2020 - underfunded by \$60,656).

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

The deficit in Treaty Benefits and Reserve Creation claims consists of expenditures incurred in relation to the Treaty Benefits Claim (Note 11).

14. Reconciliation of funding from Indigenous Services Canada

	2021	2020
Funding per ISC confirmation	12,993,828	11,114,219
Add: Deferred revenue from prior year	2,751,869	685,172
Less: Deferred revenue from current year	(4,829,843)	(2,751,869)
Less: CPP repayment	-	(5,989)
	10,915,854	9,041,533

15. Economic dependence

Waterhen Lake First Nation receives substantially all of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC 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, 2021

16. Budget information

The disclosed budget information has been approved by the Chief and Council of the Waterhen Lake First Nation at the Chief and Council budget meeting held on May 27 and 28, 2020. Due to complications arising from the COVID-19 pandemic, no budgets were completed for the Administration or Band Programs segments.

The consolidated budget also does not include budgets for capital projects. The capital projects are managed by individuals who are contracted on behalf of the First Nation to administer funds for projects funded by Indigenous Services Canada. The First Nation does not include these projects in its consolidated budget as there is a separate funding application for each project which includes a project budget.

The consolidated budget does not include budgets for amortization expenses.

The consolidated budget does not include budgets for grants and donations as funding applications are submitted for each proposal separately from the approved budget.

The consolidated audit does not include budgets for the social assistance program as the First Nation is funded based on reimbursable expenditures.

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, 2021

	2021 Budget (Note 16)	2021 Actual	2020 Actual
Consolidated expenses by object			
Advertising	-	-	2,312
Amortization	-	1,181,441	1,134,595
Assistance	10,300	1,347,327	1,452,921
Bad debts	-	4,154	3,353
Bank charges and interest	-	71,554	38,397
Community donations	-	6,746	36,626
Contracted services	214,726	861,100	862,618
Cost of sales	-	1,247,648	1,193,821
Language and culture	26,032	67,254	65,370
Election	-	18,500	-
Expense recoveries	-	(61,739)	(39,070)
Fuel	20,000	124,123	73,021
Honouraria	27,800	535,304	546,964
Insurance	13,000	854,643	613,115
Inter program administration fees	235,036	(11,378)	10,933
Interest on long-term debt	-	157,867	175,353
Office equipment lease	2,000	40,236	47,399
Prevention	291,411	85,178	275,819
Professional development	47,000	3,148	130,791
Professional fees	-	1,192,294	1,355,689
Program expense	84,082	2,108,435	255,443
Rent	-	11,622	10,000
Repairs and maintenance	75,800	563,304	391,791
Salaries and benefits	3,391,669	5,659,224	5,181,765
Sports, recreation and extra curricular activities	25,000	456,297	769,050
Student expenses	635,906	366,569	434,973
Supplies	1,153,352	1,200,986	1,115,646
Telephone	35,800	86,671	66,014
Training	6,849	255,166	317,234
Travel	256,000	572,696	870,503
Tuition	-	465,475	376,146
Utilities	113,116	339,355	376,162
	6,664,879	19,811,200	18,144,754



Waterhen Lake First Nation
Administration
Schedule 2 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021 <i>Actual</i>	2020 <i>Actual</i>
Revenue		
Indigenous Services Canada	443,591	442,279
Other revenue	174,813	84,924
MLTC Program Services Inc.	155,297	150,950
GST and Sales Tax rebates	30,603	57,052
	804,304	735,205
Expenses		
Bank charges and interest	13,788	3,857
Contracted services	108,229	55,469
Election	18,500	-
Expense recoveries	(18,938)	(30,968)
Fuel	-	11,714
Honouraria	436,788	422,214
Insurance	28,923	13,833
Inter program administration fees	(657,363)	(537,589)
Office equipment lease	9,736	17,671
Professional development	168	5,545
Professional fees	114,950	152,209
Repairs and maintenance	-	4,553
Salaries and benefits	346,061	440,662
Supplies	80,084	52,021
Telephone	32,353	20,762
Travel	168,076	236,093
Utilities	24,231	13,619
	705,586	881,665
Annual surplus (deficit)	98,718	(146,460)



Waterhen Lake First Nation
Band Programs
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	2,109,638	113,795
MLTC Program Services Inc.	198,354	196,565
Other revenue	22,110	86,290
Meadow Lake Health & Social Development Authority Inc.	-	100,000
MLTC Child & Family Services Inc.	-	610,691
First Nations Trust	453,225	622,527
Investment income - MLTC Resource Development LP	125,000	185,000
Rental income	33,116	34,980
Northern Lights CDC	29,000	235,331
Interest income	4,087	30,946
Prince Albert Development Corporation	-	40,122
Province of Saskatchewan	-	4,500
	2,974,530	2,260,747
Expenses		
Assistance	82,184	119,532
Bank charges and interest	12,762	180
Community donations	6,700	28,746
Contracted services	63,626	42,021
Expense recoveries	(4,712)	(6,409)
Fuel	28	2,578
Honouraria	2,437	3,288
Insurance	625,485	439,658
Inter program administration fees	49,720	9,135
Interest on long-term debt	52,225	60,340
Language and culture	-	17,399
Professional development	-	2,224
Professional fees	1,047,168	1,170,500
Program expense	2,030,172	123,549
Repairs and maintenance	-	28,861
Salaries and benefits	212,641	165,337
Sports, recreation and extra curricular activities	33,207	53,998
Supplies	30,165	111,196
Telephone	1,085	571
Travel	70,994	68,214
Utilities	8,453	77,559
	4,324,340	2,518,477
Deficit before transfers	(1,349,810)	(257,730)
Transfers between programs	(40,037)	(474,925)
Annual deficit	(1,389,847)	(732,655)



Waterhen Lake First Nation
Capital
Schedule 4 - Consolidated Schedule Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	3,106,497	4,318,176
Canada Mortgage and Housing Corporation	1,097,496	285,815
Rental income	83,518	80,073
Interest income	1,437	-
	4,288,948	4,684,064
Expenses		
Amortization	1,151,559	1,104,752
Bank charges and interest	9,610	1,741
Contracted services	46,569	261,288
Expense recoveries	(14,064)	-
Honouraria	1,100	3,050
Insurance	108,014	83,789
Inter program administration fees	18,621	17,713
Interest on long-term debt	89,640	89,144
Professional fees	11,230	16,972
Repairs and maintenance	152,806	216,411
Salaries and benefits	280,822	75,321
Supplies	139,428	146,137
Telephone	1,249	673
Travel	30,167	31,894
Utilities	-	484
	2,026,751	2,049,369
Surplus before other items	2,262,197	2,634,695
Other items		
Gain on disposal of capital assets	19,305	-
Annual surplus	2,281,502	2,634,695



Waterhen Lake First Nation
Economic Development
Schedule 5 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
MLTC Program Services Inc.	19,197	68,439
Indigenous Services Canada	-	20,000
Earnings from investment in Nation business entities	229,050	451,039
Miscellaneous	7,000	-
	255,247	539,478
Expenses		
Contracted services	49,549	39,029
Honouraria	2,137	19,413
Professional fees	8,751	6,250
Program expense	-	11,842
Repairs and maintenance	1,563	-
Salaries and benefits	-	40,677
Supplies	97	2,859
Travel	276	15,490
Utilities	3,861	16,749
	66,234	152,309
Surplus before transfers	189,013	387,169
Transfers between programs	40,037	41,872
Annual surplus	229,050	429,041



Waterhen Lake First Nation
Education
Schedule 6 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	4,283,597	3,755,323
MLTC Program Services Inc.	344,679	389,483
Meadow Lake Health & Social Development Authority Inc.	152,013	242,146
	4,780,289	4,386,952
Expenses		
Assistance	12,398	9,475
Bank charges and interest	5,895	2,686
Contracted services	6,156	22,093
Expense recoveries	(2,259)	(1,057)
Honouraria	15,890	31,937
Insurance	4,337	1,836
Inter program administration fees	230,354	171,446
Interest on long-term debt	-	267
Language and culture	49,219	31,735
Program expense	5,826	108,280
Salaries and benefits	2,956,204	2,746,230
Student expenses	366,569	434,973
Supplies	473,509	283,062
Telephone	2,407	1,481
Travel	58,792	89,644
Tuition	465,475	376,146
	4,650,772	4,310,234
Surplus before transfers	129,517	76,718
Transfers between programs	(258,632)	(233,913)
Annual deficit	(129,115)	(157,195)



Waterhen Lake First Nation
Health
Schedule 7 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Meadow Lake Health & Social Development Authority Inc.	2,799,371	2,869,830
MLTC Child & Family Services Inc.	45,749	462,978
Indigenous Services Canada	40,000	35,000
Other revenue	-	3,047
	2,885,120	3,370,855
Expenses		
Contracted services	268,013	241,115
Expense recoveries	(10,104)	(636)
Honouraria	76,702	66,537
Insurance	10,648	5,802
Inter program administration fees	304,019	305,802
Interest on long-term debt	2,039	-
Language and culture	18,035	16,236
Office equipment lease	30,500	29,728
Prevention	85,178	275,819
Professional development	2,980	123,022
Program expense	46,630	10,917
Rent	10,000	10,000
Repairs and maintenance	10,598	2,233
Salaries and benefits	1,293,373	1,125,598
Sports, recreation and extra curricular activities	423,090	715,052
Supplies	225,251	258,889
Telephone	25,640	23,234
Training	114,649	8,065
Travel	181,187	272,797
Utilities	25,001	22,518
	3,143,429	3,512,728
Deficit before transfers	(258,309)	(141,873)
Transfers between programs	-	97,306
Annual deficit	(258,309)	(44,567)



Waterhen Lake First Nation
Infrastructure
Schedule 8 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	788,104	285,517
Other revenue	279,784	7,200
Rental income	82,125	87,475
Department of Highways	-	162,232
	1,150,013	542,424
Expenses		
Contracted services	285,088	143,349
Expense recoveries	(11,662)	-
Fuel	124,095	58,729
Insurance	72,474	68,197
Inter program administration fees	12,223	-
Repairs and maintenance	303,427	113,209
Salaries and benefits	278,192	291,363
Supplies	210,612	196,504
Telephone	17,176	13,043
Travel	31,692	97,588
Utilities	222,115	200,185
	1,545,432	1,182,167
Annual deficit before transfers	(395,419)	(639,743)
Transfers between programs	258,632	569,660
Annual deficit	(136,787)	(70,083)



Waterhen Lake First Nation
Reserves and Trusts
Schedule 9 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	83,079	14,875
Mistik Management Ltd.	79,976	209,397
Other revenue	-	349
	163,055	224,621
Expenses		
Contracted services	8,800	21,116
Honouraria	250	525
Inter program administration fees	-	22,428
Repairs and maintenance	68,242	-
Supplies	8,762	20,667
Telephone	411	1,348
Travel	4,923	8,561
Utilities	449	7,100
	91,837	81,745
Surplus before other items	71,218	142,876
Other items		
Gain on disposal of capital assets	-	16,000
Annual surplus	71,218	158,876



Waterhen Lake First Nation
Social Services
Schedule 10 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
MLTC Program Services Inc.	1,296,008	1,629,859
Meadow Lake Health & Social Development Authority Inc.	161,311	152,052
Indigenous Services Canada	61,348	56,568
Other revenue	3,568	33,031
	1,522,235	1,871,510
Expenses		
Assistance	1,252,745	1,323,914
Bank charges and interest	3,909	3,588
Contracted services	25,070	37,138
Inter program administration fees	31,048	21,998
Program expense	25,807	855
Salaries and benefits	97,107	94,682
Supplies	20,550	19,611
Telephone	1,638	751
Training	140,517	309,169
Travel	18,756	29,334
Utilities	26,910	6,387
	1,644,057	1,847,427
Annual surplus (deficit)	(121,822)	24,083



Waterhen Lake First Nation
Resorts and Retail
Schedule 11 - Consolidated Schedule of Revenues and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Other revenue	31,591	5,837
Retail sales	1,609,837	1,609,387
	1,641,428	1,615,224
Expenses		
Advertising	-	2,312
Amortization	29,882	29,843
Bad debts	4,154	3,353
Bank charges and interest	25,590	26,345
Community donations	46	7,880
Cost of sales	1,247,632	1,193,821
Insurance	4,762	-
Interest on long-term debt	13,963	25,602
Professional fees	10,195	9,758
Rent	1,622	-
Repairs and maintenance	26,668	26,524
Salaries and benefits	194,824	201,895
Supplies	12,544	24,700
Telephone	4,712	4,151
Travel	7,833	20,888
Utilities	28,335	31,561
	1,612,762	1,608,633
Annual surplus (deficit)	28,666	6,591