



**Waterhen Lake First Nation
Consolidated Financial Statements**

March 31, 2024



Waterhen Lake First Nation

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For the year ended March 31, 2024

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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, 2024, and the consolidated statement of operations and accumulated surplus, change in net debt and cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2024, and the results of its consolidated operations, change in its net debt and its 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 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 13 and 14 to the consolidated financial statements, which describes 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 Those Charged with Governance for the 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.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Independent Auditor's Report (*continued from previous page*)

Auditor's Responsibilities for the Audit of the 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.

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

December 18, 2024

MNP LLP
Chartered Professional Accountants

MNP



Waterhen Lake First Nation
Consolidated Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Current		
Cash	10,799,463	4,988,014
Accounts receivable (Note 4)	2,847,098	2,154,734
Inventory for resale	90,150	69,748
Restricted cash (Note 9)	779,100	1,331,350
Funds held in lawyer's trust	61,077	168,748
Subtotal of current assets	14,576,888	8,712,594
Portfolio investments (Note 5)	9,802	9,802
Due from Waterhen Forestry Products LP (Note 6)	344,066	365,888
Investment in Waterhen Forestry Products LP (Note 7)	2,288,686	1,501,154
Funds held in trust (Note 8)	306,694	296,595
Restricted cash (Note 9)	341,865	341,865
Total financial assets	17,868,001	11,227,898
Liabilities		
Current		
Accounts payable and accruals (Note 10)	1,965,571	1,294,216
Deferred revenue (Note 12)	14,919,305	9,108,784
Current portion of long-term debt (Note 13)	3,397,000	2,294,000
Subtotal of current liabilities	20,281,876	12,697,000
Long-term debt (Note 13)	7,960,005	8,087,481
Asset Retirement Obligation (Note 15)	1,134,525	1,821,017
Total financial liabilities	29,376,406	22,605,498
Net debt	(11,508,405)	(11,377,600)
Contingent assets (Note 14)		
Subsequent events (Note 22)		
Non-financial assets		
Tangible capital assets (Note 16)	35,390,768	32,825,388
Prepaid expenses	3,832	21,824
Total non-financial assets	35,394,600	32,847,212
Accumulated surplus (Note 17)	23,886,195	21,469,612

Approved on behalf of Chief and Council

Signed by: Chief Blaine Fiddler

Chief

Signed by: Carolyn Bernard

Councillor



Waterhen Lake First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024

	<i>Schedules</i>	<i>2024 Budget Note 20</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenue				
Indigenous Services Canada (Note 18)		15,125,315	17,758,573	13,652,222
MLTC Program Services Inc.		532,975	4,067,317	3,408,863
Meadow Lake Health & Social Development Authority Inc.		351,737	1,038,667	3,570,418
MLTC Child & Family Services Inc.		-	881,344	384,522
Canada Mortgage and Housing Corporation		-	709,188	287,845
Other revenue		92,158	563,562	778,473
Mistik Management Ltd.		-	224,150	213,717
Contracts		-	212,752	169,981
Retail sales		-	2,416,824	2,820,013
First Nations Trust		493,351	1,021,436	802,982
Earnings (loss) from investment in Nation business entities		-	787,532	(460,736)
Investment income - MLTC Resource Development LP		277,000	781,667	1,477,778
Rental income		161,680	421,875	550,363
Management fees		-	112,500	163,278
Prince Albert Development Corporation		-	70,471	94,295
Province of Saskatchewan		-	56,224	-
Northern Lights CDC		-	52,500	28,837
Interest income		-	10,099	9,791
Department of Highways		-	4,300	54,216
GST and Sales Tax rebates		30,000	-	29,425
		17,064,216	31,190,981	28,036,283
Program expenses				
ADMINISTRATION	2	545,000	1,248,122	920,943
BAND PROGRAMS	3	770,863	4,232,543	3,554,957
CAPITAL	4	195,481	2,630,612	3,022,507
ECONOMIC DEVELOPMENT	5	-	79,666	159,301
EDUCATION	6	6,106,560	5,985,003	5,562,742
HEALTH	7	6,641,122	4,524,155	3,853,124
INFRASTRUCTURE	8	1,187,271	1,513,022	1,353,120
RESERVES AND TRUSTS	9	14,832	459,239	235,659
SOCIAL SERVICES	10	-	3,373,382	2,960,246
RESORTS AND RETAIL	11	-	3,519,271	4,158,203
CHILD & FAMILY SERVICES	12	-	1,207,523	719,789
		15,461,129	28,772,538	26,500,591
Annual surplus before other item		1,603,087	2,418,443	1,535,692
Other item				
Gain (loss) on disposal of capital assets		-	(1,860)	(2,967)
Annual surplus		1,603,087	2,416,583	1,532,725
Accumulated surplus, beginning of year		21,469,612	21,469,612	19,936,887
Accumulated surplus, end of year		23,072,699	23,886,195	21,469,612

The accompanying notes are an integral part of these financial statements



Waterhen Lake First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2024

	2024 Budget Note 20	2024 Actual	2023 Actual
Annual surplus	1,603,087	2,416,583	1,532,725
Purchases of tangible capital assets	-	(3,919,292)	(5,343,964)
Amortization of tangible capital assets	-	1,337,074	1,563,779
(Gain) loss on sale of tangible capital assets	-	1,860	2,967
Proceeds of disposal of tangible capital assets	-	14,978	36,000
Asset retirement obligation	-	-	(2,514,279)
Acquisition of prepaid expenses	-	(3,832)	(21,824)
Use of prepaid expenses	-	21,824	482,166
 Increase (decrease) in net debt	 1,603,087	 (130,805)	 (4,262,430)
Net debt, beginning of year	(11,377,600)	(11,377,600)	(7,115,170)
 Net debt, end of year	 (9,774,513)	(11,508,405)	(11,377,600)



Waterhen Lake First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Operating surplus	2,416,583	1,532,725
Non-cash items		
Amortization	1,337,074	1,563,779
Loss on disposal of tangible capital assets	1,860	2,967
(Gain) loss from investment in Waterhen Forestry Products LP	(787,532)	460,736
Accretion expense (recovery)	(686,492)	(693,262)
	2,281,493	2,866,945
Changes in working capital accounts		
Accounts receivable	(692,364)	(1,395,613)
Prepaid expenses	17,992	460,342
Funds held in lawyer's trust	107,671	(78,163)
Accounts payable and accruals	671,355	265,678
Deferred revenue	5,810,521	1,467,174
Inventory for resale	(20,402)	(22,700)
	8,176,266	3,563,663
Financing activities		
Advances of long-term debt	1,755,481	2,614,030
Repayment of long-term debt	(779,957)	(780,819)
	975,524	1,833,211
Capital activities		
Purchases of tangible capital assets	(3,919,292)	(5,343,964)
Proceeds of disposal of tangible capital assets	14,978	36,000
	(3,904,314)	(5,307,964)
Investing activities		
Advances to Waterhen Forestry Products LP	-	(75,888)
Increase in funds held in trust	(10,099)	(9,730)
Decrease in restricted cash	552,250	494,426
Repayment of Advances to Waterhen Forestry Products LP	21,822	-
	563,973	408,808
Increase in cash resources	5,811,449	497,718
Cash resources, beginning of year	4,988,014	4,490,296
Cash resources, end of year	10,799,463	4,988,014



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

1. Operations

The Waterhen Lake First Nation (the "First Nation") is located in Treaty 6 territory 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.

2. Change in accounting policy

Effective April 1, 2023, the First Nation adopted the recommendations relating to following Sections, as set out in the Canadian public sector accounting standards.

Revenue

Effective April 1, 2023, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 *Revenue*. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

3. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including 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 government 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 First Nation Development LP 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. The activities of Waterhen Lake First Nation Development LP have been consolidated for its December 31, 2023 fiscal year end.

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 entities accounted for by the modified equity basis include:

- 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, 2024

3. 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 consolidated 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. Contributed tangible assets are recorded at their fair value at the date of contribution. Tangible capital assets recorded at a nominal amount include the original reserve land. Land purchased is recorded at the purchase price.

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

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over the lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

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	declining balance	10-100 %
Infrastructure	straight-line	20-50 years
CMHC Housing	straight-line	30 years
Automotive	straight-line	10 years
Capital lease	straight-line	27 years
Asset retirement cost	straight-line	10 years



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

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

Asset classification

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

Net 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 comprise a second indicator of financial position, accumulated operating surplus.

Revenue recognition

Non-government funding

Funding revenue 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.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Non-exchange transactions

The First Nation recognizes revenue from donations, grants, interest, dividends, investment income and legal settlements.

These non-exchange transactions have no performance obligations and are recognized at their realizable value when the First Nation has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Exchange transactions

Revenue from transactions with performance obligations is recognized when the First Nation satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time.

The First Nation recognizes revenue from retail sales when the sale is made and the customer takes possession of the merchandise.

The First Nation recognizes revenue from rental income associated with the rental of homes to members when rental amounts are measurable and collection is reasonably assured.

Use of estimates

The preparation of 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability has been made.

Amortization is based on the useful lives of tangible capital assets.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

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

Use of estimates *(Continued from previous page)*

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof). The best estimate of the liability is based upon assumptions and estimated related to the amount and timing of costs for future asset retirement. Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

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 Waterhen Lake Resort LP, Waterhen Lake First Nation Development LP, Waterhen Eco Lodge LP, Kiyanaw Askiy Construction LP and Waterhen General Store LP.
- Child & Family Services - includes all First Nation child and family services.

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 financial statements.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2024. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

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

Asset retirement obligation *(Continued from previous page)*

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Liability for contaminated site

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, 2024.

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 continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has made such an election during the year.

The First Nation subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published market price. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Fair value measurements

The First Nation classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the First Nation to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

Business acquisition

Business combinations are accounted for using the acquisition method.

At the acquisition date, the First Nation recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the subsidiary. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any non-controlling interest in a subsidiary is measured either at fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

The consideration transferred for each acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and equity instruments issued by the First Nation to obtain control of the subsidiary.

Acquisition related costs are recognized in net loss as incurred with the exception of the costs to issue debt subsequently measured at amortized cost and equity securities. Financing fees and transaction costs to issue debt subsequently measured at amortized cost are included as an adjustment to fair value on initial recognition and expenses incurred to issue equity securities are netted against accumulated surplus.

Where appropriate, the cost of an acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair value are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are remeasured at fair value when the contingency is resolved, with any corresponding gain or loss recognized in net loss.

4. Accounts receivable

	2024	2023
Canada Mortgage and Housing Corporation	104,364	122,716
Indigenous Services Canada (ISC)	1,516,559	630,444
Federation of Sovereign Indigenous Nations	-	35,000
Goods and services tax recoverable	103,900	28,089
Member and employee advances	105,131	105,131
MLTC Program Services Inc.	502,556	224,406
MLTC Child & Family Services Inc.	-	191,464
MLTC Pre-employment Service Delivery	40,782	-
Meadow Lake Health & Social Development Authority Inc.	-	632,040
Northern Lights Community Development Corporation	188,000	42,366
Trade receivables	374,638	229,444
Other	16,299	18,765
	2,952,229	2,259,865
Less: Allowance for doubtful accounts	(105,131)	(105,131)
	2,847,098	2,154,734

5. Portfolio investments

	2024	2023
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. Due from Waterhen Forestry Products LP

Amounts receivable from Waterhen Forestry Products LP are without fixed terms of repayments and bears no interest. Waterhen Forestry Products LP is a wholly owned business entity of Waterhen Lake First Nation.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in Waterhen Forestry Products LP

The First Nation has investments in the following entities:

	<i>2023</i>	<i>Current earning</i>	<i>Distributions</i>	<i>2024</i>
Government business enterprises				
Forestry Company	1,501,154	787,532	-	2,288,686

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

	<i>As at March 31, 2024</i>
Assets	
Current assets	2,035,185
Equipments	8,693,970
Total assets	10,729,155
Liabilities	
Current liabilities	4,670,996
Long-term liabilities	3,769,473
Total liabilities	8,440,469
Retained earnings	2,288,686
Total revenue	12,776,784
Total expenses	12,212,393
	564,391
Other income	223,141
	787,532

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:

	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>Thereafter</i>	<i>Total</i>
Long-term liabilities owed to parties external to the First Nation							
Long-Term Debt -							
Forestry Company	2,404,683	89,526	83,275	90,861	73,537	-	2,741,882
Capital Leases - Forestry Company	1,473,277	1,417,599	1,013,416	395,941	41,972	-	4,342,205
	3,877,960	1,507,125	1,096,691	486,802	115,509	-	7,084,087

The Nation's business entity has long-term debt which the First Nation has issued a guarantee for repayment.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

7. Investments in Waterhen Forestry Products LP *(Continued from previous page)*

The guarantees relate to loans outstanding of \$1,815,382 (2023 – \$351,099) used to acquire machinery. Interest rate range from 6.64% to 8.70%. The current portion of these loans is \$1,815,382 (2023 – \$226,764). The Nation has also provided a loan guarantee on the line of credit of the business entity that had no drawings (2023 - \$91,951) at March 31, 2024 but had a balance available of \$200,000.

Waterhen Forestry Products Limited Partnership, a wholly owned business entity of the First Nation paid \$150,000 (2023 - \$143,300) in management fees to Waterhen Lake First Nation Development LP, a wholly owned subsidiary of the First Nation.

Waterhen Forestry Products Limited Partnership received a \$1,000,000 business grant from Waterhen Lake First Nation that was fully funded by Indigenous Services Canada. The grant was to subsidize the cost of ten new trucks and trailers. The grant is initially deferred and then amortized over the useful life of the related equipment acquired. In the year ended March 31, 2024 there was \$160,000 recognized as other income from this grant, and \$840,000 remains as deferred revenue.

8. 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.

	2024	2023
Ottawa Trust Fund - Capital Trust		
Balance, beginning and end of year	229,787	229,787
Ottawa Trust Fund - Revenue Trust		
Balance, beginning of year	66,808	57,078
Interest	10,099	9,730
Balance, end of year	76,907	66,808
	306,694	296,595

9. Restricted cash

	2024	2023
Current:		
ISC capital project	779,100	1,331,350
Long-term:		
CMHC replacement reserve	310,436	310,436
CMHC operating reserve	31,429	31,429
	341,865	341,865
	1,120,965	1,673,215



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

10. Accounts payable and accruals

	2024	2023
Trade accounts payable - Nation	1,466,420	664,236
Wages, pension and payroll deductions payable - Nation	187,334	268,811
Trade account payable - business entities	264,840	280,830
PST and GST payable - business entities	34,291	71,958
Wages, pension and payroll deductions payable - business entities	12,686	8,381
	1,965,571	1,294,216

11. Credit Arrangements

Included in cash are draws against lines of credit and bank balances less outstanding cheques. At March 31, 2023, the First Nation had a line of credit available with an approved limit of \$250,000; of which \$nil (2023 - \$162) 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.

Bank indebtedness includes an operating loan amounting with credit limit of \$50,000, of which \$nil (2023 - \$49,990) has been drawn. The line of credit charges interest at bank prime plus 1.25%. Secured by a loan guarantee from Waterhen Lake First Nation that redirects the dividend revenue the Nation is entitled to from First Nations Trust to First Nations Bank of Canada in the event of default as a secondary repayment source.

At March 31, 2024, the First Nation had lines of credit available in the amount of \$190,000 bearing interest at bank prime plus 1.75%, of which \$156,004 (2023 - \$nil) was drawn, secured by a general security agreement and a guarantee from Waterhen Lake First Nation.

12. 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>Amount recognized as revenue</i>	<i>Balance, end of year</i>
Indigenous Services Canada	6,457,970	24,431,552	13,130,949
MLTC Program Services Inc.	270,607	4,359,961	563,251
Meadow Lake Health & Social Development Inc.	1,666,205	11,241	1,038,667
MLTC Child & Family Services Inc.	485,035	593,880	881,344
NLCDC	-	190,500	52,500
Saskatchewan Indian Equity Foundation Inc.	172,657	-	8,071
First Nations Financial Management Board	5,263	-	5,263
Customer deposits	51,047	-	16,233
Kiyanaw Askiy Construction LP	-	148,607	97,252
	9,108,784	29,735,741	23,925,220
			14,919,305



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

13. Long-term debt

	2024	2023
Royal Bank of Canada demand loan, proceeds of which are used to pursue the reserve creation 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 14).	2,614,640	2,477,330
Royal Bank of Canada demand loan, proceeds of which are used to pursue the air weapons range claim against the Government of Canada. The loan may be drawn to a maximum of \$3,735,200. 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 \$3,735,200 claim settlement proceeds and assignment of loan insurance policy and surety bond with AM Trust International (Note 14).	1,981,421	1,700,233
First Nations Bank loan utilized by Waterhen Eco Lodge LP (subsidiary of Waterhen Lake First Nation Development LP), repayable in monthly blended payments of \$14,209 principal plus interest at prime plus 1.75% due December 2043. Secured by a general security agreement of the First Nation. Covenant was breached during the year, loan has been classified as current portion to reflect this.	1,596,915	1,618,925
Royal Bank of Canada demand loan, proceeds of which are used to pursue the treaty benefits 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 14).	1,365,585	1,133,042
First Nations Bank loan in regard to construction of 10 housing units and 2 RTM units, monthly interest payable at 4.3%. Repayable in quarterly principal payments of \$34,113, due June 2025. Secured by First Nations Trust distributions.	579,923	716,375
First Nations Bank of Canada renovation loan, repayable with monthly installment payments of principal and monthly interest at a fixed rate of 6.39% totaling \$6,216 monthly, with maturity of June 2028. Secured by a loan guarantee from Waterhen Lake First Nation that redirects the dividend revenue the Nation is entitled to from First Nations Trust to First Nations Bank of Canada in the event of default as a secondary repayment source. Not subject to financial covenants for the 2024 fiscal period.	529,268	-
CMHC Mortgage, phase 9, repayable in monthly instalments of \$4,227 blended principal and interest at 4.49%. Secured by a Ministerial Guarantee and matures October 2038.	543,487	-
CMHC Mortgage, phase 5, repayable in monthly instalments of \$3,362 blended principal and interest at 4.18%. Secured by a Ministerial Guarantee and matures June 2033.	309,547	363,778
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 2034.	575,023	629,090
CMHC Mortgage, phase 6, repayable in monthly instalments of \$5,538 blended principal and interest at 4.02%. Secured by a Ministerial Guarantee and matures March 2034.	547,376	595,918
CMHC Mortgage, phase 8, repayable in monthly instalments of \$2,830 blended principal and interest at 1.22%. Secured by a Ministerial Guarantee and matures May 2036.	383,910	412,998



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

	2024	2023
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%, matures March 2039. Secured by a general security agreement of the First Nation.	199,369	208,351
CMHC Mortgage, phase 2, repayable in monthly instalments of \$1,865 blended principal and interest at 1.01%. Secured by a Ministerial Guarantee and matures June 2026.	49,761	71,515
CMHC Mortgage, phase 3, repayable in monthly instalments of \$854 blended principal and interest at 5.00%. Secured by a Ministerial Guarantee and matures July 2028.	39,921	82,340
CMHC Mortgage, phase 4, repayable in monthly instalments of \$2,105 blended principal and interest at 0.83%. Secured by a Ministerial Guarantee and matures July 2025.	33,484	58,354
CMHC Mortgage, phase 1, repayable in monthly instalments of \$740 blended principal and interest at 0.65%. Secured by a Ministerial Guarantee and matures January 2025.	7,375	16,173
First Nations Bank loan to Waterhen Lake Resort (South) Ltd. has been repaid during the year.	-	222,098
First Nations Bank loan in regard to construction of 5 housing units has been repaid during the year.	-	74,961
	11,357,005	10,381,481
Less: less: current portion	3,397,000	2,294,000
	7,960,005	8,087,481

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:

2025	3,397,000
2026	4,971,000
2027	356,000
2028	357,000
2029	254,000

Waterhen Eco Lodge LP long-term debt covenant violation:

As at March 31, 2024, the Partnership was not in compliance with the debt service ratio financial covenant on the term loan. Due to the covenant violation the loan may be called by the lender, as such the loan has been reclassified as a current liability.

14. Contingent assets

In 2021, the First Nation initiated an air weapons range 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 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.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

14. Contingent assets (Continued from previous page)

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.

In 2022, the First Nation initiated the treaty annuities indexing claim against the Government of Canada.

For the year ended March 31, 2024, expenses totaling \$1,118,881 (2023 - \$632,945) for the four claims has been recorded and available financing drawn (Note 13) of \$5,961,646 (2023 - \$5,310,605) and accounts payable outstanding of \$575,923 (2023 - \$234,797) which will be paid for through financing by RBC (Note 13). 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.

On March 9, 2023, the Federal Court of Canada approved a settlement between Canada and 325 First Nation communities for the collective harm suffered by Indigenous communities as a result of Indian Residential Schools. Waterhen Lake First Nation joined the class action and accepted the settlement through submission of a Band Council Resolution. The First Nation expects to receive an initial one-time payment of \$200,000 for the purposes of developing a plan to carry out one or more of the objectives set out in the settlement. Further funds may be available upon submission of additional documentation. There may also be an annual entitlement payment for a share of annual investment income on funds related to the settlement. Subsequent to year-end, the First Nation received \$200,000 from the band reparations settlement as the planning funding to develop a plan to carry out one or more of the objectives set out in the settlement.

15. Asset retirement obligation

The First Nation maintains various tangible capital assets that are used in the provision of services to its membership. Among these assets are various buildings and housing units which the Nation is responsible for maintaining and ultimately for decommissioning from service. Certain of these assets were constructed using materials which have since been established to be hazardous materials. The First Nation is required to perform remediation activities on these assets which contain hazardous materials upon retirement of these assets from service. The First Nation anticipates that on average these remediation activities will occur in ten years and has recognized a liability for the asset retirement obligation with a corresponding amount capitalized as an asset retirement cost and added to the carrying value of community buildings and housing units. The asset retirement cost is amortized on a straight-line basis over the expected useful life of the building and housing units.

The First Nation estimated the amount of its asset retirement obligation liability based on cost information available as at the financial statement date to complete the remediation activities. The estimate is then adjusted for inflation to determine the future expected costs to remediation activities. The amount of the future undiscounted asset retirement obligation liability in ten years is estimated at \$2,809,042. A discount rate of 12% has been applied to the estimated future cost to determine the present value of the estimated liability as at March 31, 2024.

	2024	2023
Balance, beginning of year	1,821,017	-
Liabilities incurred	-	2,514,279
Accretion expense (recovery)	41,903	(29,455)
Change in estimated cash flows	(728,395)	(663,807)
Balance, end of year	1,134,525	1,821,017

As of March 31, 2024, the First Nation estimates that recoveries of \$728,395 (2023 - \$663,807) will be recognized associated with the asset retirement obligations for decreases to the expected inflation rate and increases to the nations cost of borrowing.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

16. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2024 Net book value
Buildings	11,151,339	48,394	-	9,680,743	1,518,990
Housing	15,485,677	-	-	8,307,958	7,177,719
Equipment	2,331,411	142,071	16,866	1,298,719	1,157,897
Infrastructure	7,646,922	284,512	-	3,623,966	4,307,468
CMHC Housing	4,889,247	1,027,881	-	1,568,697	4,348,431
Automotive	1,860,223	266,664	3,700	1,314,602	808,585
Assets under construction	11,568,445	3,456,664	1,306,894	-	13,718,215
Capital lease	368,938	-	3,167	23,731	342,040
ARO asset	2,514,279	-	-	502,856	2,011,423
	57,816,481	5,226,186	1,330,627	26,321,272	35,390,768
	Cost	Additions	Disposals	Accumulated amortization	2023 Net book value
Buildings	9,319,638	1,741,084	-	9,282,579	1,778,143
Housing	15,485,677	-	-	8,307,958	7,177,719
Equipment	1,440,957	1,005,310	38,967	1,136,093	1,271,207
Infrastructure	7,646,922	14,729	-	3,449,872	4,211,779
CMHC Housing	4,889,247	-	-	1,371,657	3,517,590
Automotive	1,571,920	288,303	-	1,177,974	682,249
Assets under construction	9,642,844	1,925,602	-	-	11,568,446
Capital lease	-	368,938	-	13,534	355,404
Asset retirement cost	-	2,514,279	-	251,428	2,262,851
	49,997,205	7,858,245	38,967	24,991,095	32,825,388

Amortization expense of \$1,337,074 (2023 - \$1,563,779) was recorded in the consolidated financial statements. \$1,112,062 (2023 - \$1,316,290) to the Capital segment, \$107,631 (2023 - \$143,797) to the Infrastructure segment and \$117,381 (2023 - \$103,692) was recorded in the Resorts and Retail segment. Total amortization expense comprises \$197,040 (2023 - \$162,812) amortization for CMHC housing, \$212,754 (2023 - \$518,706) for housing, \$138,661 (2023 - \$138,718) for buildings, \$108,599 (2023 - \$109,995) for equipment, \$134,480 (2023 - \$107,914) for automotive, \$251,428 (2023 - \$251,428) for the asset retirement obligation, and \$170,525 (2023 - \$170,514) for infrastructure.

Assets under construction disposals are transfers out of accumulated costs from the prior fiscal year for completed capital projects to the asset classes to which they related. These disposals have no cash impact.



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

16. Tangible capital assets *(Continued from previous page)*

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

Project	Budget	Cumulative costs to March 31, 2024
ISC Fire Protection (AT306)	1,070,000	26,854
ISC Lagoon Expansion (AT511)	3,089,000	2,388,074
ISC New School (CTA42)	500,000	132,485
ISC School Ventilation (CTA40)	335,000	800
ISC Solid Waste Transfer (CT912)	36,792	36,792
ISC Teacherage (CTA33)	1,645,000	73,829
ISC School Roof Repair (AT312)	3,410,000	1,847,636
ISC WTP Expansion (AT308)	6,989,500	6,146,495
ISC Teacherage Upgrade (CTE72)	650,000	-
CMHC Phase X		512,329
CMHC Phase XI		622,420
Waterhen Lake Eco Lodge LP	588,000	387,147
40x76 Modular Office		600,000
Two Eagle Homes And One Moose Home		250,000
Two Eagle homes		110,000
Two Immediate Needs RTM homes		583,354
ISC Roads & Bridges (CTE73)	4,100,000	-
ISC Solid Waste Transfer Station (CTE74)	1,200,000	-

17. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
Equity in Funds held in trust	306,694	296,595
Equity in investments	2,298,488	1,510,956
CMHC reserves	512,427	494,818
Equity in tangible capital assets	27,983,989	25,491,661
Treaty Benefits, Air Weapons and Reserve Creation claims	(6,251,237)	(5,150,097)
Operating	(964,166)	(1,174,321)
	23,886,195	21,469,612

The equity in funds held in trust represents money 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.

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, air weapons and Reserve Creation claims consists of expenditures incurred in relation to these claims (Note 14).



Waterhen Lake First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

18. Reconciliation of funding from Indigenous Services Canada

	2024	2023
Funding per ISC confirmation	24,431,552	13,934,086
Add: Deferred revenue from prior year	6,457,970	6,176,106
Less: Deferred revenue from current year	(13,130,949)	(6,457,970)
	17,758,573	13,652,222

19. Economic dependence

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

20. 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 March 29, 2023.

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.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

21. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the First Nation's financial instruments best represents the maximum exposure to credit risk.

Risk management

The First Nation manages its credit risk by not extending significant credit outside of government receivables which are low risk and provide allowances for potentially uncollectible accounts receivable.

A credit concentration exists relating to accounts receivable because substantially all of its accounts receivables are from government agencies. However, the First Nation's sales believes that there is minimal risk associated with the collection of these amounts.

Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; lease office equipment from various creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the First Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 13.

The First Nation manages the liquidity risk resulting from its accounts payable; long-term debt; and deferred revenue by investing in liquid assets, such as bank deposits and and GIC's and through authorized lines of credit totaling \$325,000.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The First Nation is exposed to interest rate risk primarily through its long-term debt, and marketable securities. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through obtaining debt with a combination of fixed and variable rates, entering into agreements with Canada Mortgage and Housing Corporation (CMHC) to provide subsidy for the payment of principal and interest on the related loans from CMHC, and obtaining marketable securities with varying maturity dates.



Waterhen Lake First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2024

22. Subsequent events

Waterhen Eco Lodge LP - debt refinancing

Subsequent to the date of the financial statements Waterhen Lake First Nation took out a loan with First Nation Finance Authority to replace the existing mortgage of Waterhen Eco Lodge LP (subsidiary of Waterhen Lake First Nation Development LP) with First Nations Bank for \$1,577,280 on July 11, 2024 and to provide additional working capital. The loan was drawn for \$2,211,000 and will be repaid over a 30 year term and bears interest at 4.5% per annum and requires blended principal and interest payments of \$142,325 per annum.

Agriculture benefits specific claim

In November 2024, the First Nation's membership ratified the Agriculture Benefits Specific Claim settlement with the Government of Canada for \$123,168,704. The settlement proceeds and related professional fees, insurance costs, per capita distribution to the membership and trust contributions are expected to be recorded in the March 31, 2025 consolidated financial statements.

School fire

In May 2024 the community school of Waterhen Lake First Nation was destroyed in a fire. There was also damages incurred to the First Nation band office relating to the fire. There are related insurance claims filed for the school contents and for damages to the attached band office. The loss of the school building is not part of the insurance claim as the costs to replace it are the responsibility of Indigenous Services Canada. The net book value of the school destroyed was \$nil as it is fully depreciated other than the school roof repair under construction costs of \$1,847,636. A temporary school replacement project is being funded by Indigenous Services Canada and funding of \$7,750,000 has been provided to date for these costs. The estimated costs to complete this project are not known at this time.

23. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation. There is a new Child & Family Services segment created for the year ended March 31, 2024. The comparative figures in this new segment were previously reported under the Health segment.



Waterhen Lake First Nation
Schedule 1 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2024

	2024 Actual	2023 Actual
Consolidated expenses by object		
Accretion expense	(686,492)	(693,262)
Advertising	10,884	13,019
Amortization	1,337,074	1,563,779
Assistance	2,783,445	2,291,176
Bad debts	13,983	25,496
Bank charges and interest	63,845	66,503
Business grants (Note 7)	1,147,497	12,000
Community donations	67,708	39,011
Contracted services	2,538,740	2,484,148
Cost of sales	1,921,264	2,221,241
Expense recoveries	(108,046)	(108,342)
Fuel	50,557	89,429
Honouraria	242,545	253,411
Insurance	513,005	562,907
Inter program administration fees	-	(1,800)
Interest on long-term debt	651,881	471,915
Language and culture	438,328	457,388
Loss from theft	21,824	-
Meeting	140,721	86,728
Office supplies and expenses	13,188	13,849
Prevention	-	190,484
Professional development	223,381	114,246
Professional fees	1,040,908	827,536
Program expense	635,747	441,982
Repairs and maintenance	557,283	400,190
Salaries and benefits	7,800,455	7,783,439
Sports, recreation and extra curricular activities	1,088,299	807,318
Student expenses	313,871	331,680
Supplies	2,612,843	2,565,061
Telephone	92,824	93,077
Training	471,479	562,673
Travel	1,917,552	1,770,761
Tuition	457,913	376,533
Utilities	398,032	387,015
	28,772,538	26,500,591



**Waterhen Lake First Nation
ADMINISTRATION**
Schedule 2 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024 Actual	2023 Actual
Revenue		
Indigenous Services Canada	611,670	541,486
MLTC Program Services Inc.	328,229	221,521
Other revenue	205,133	226,299
GST and Sales Tax rebates	-	29,425
	1,145,032	1,018,731
Expenses		
Bad debts	-	11,400
Bank charges and interest	9,908	10,601
Contracted services	160,768	118,224
Expense recoveries	(54,992)	(45,784)
Honouraria	168,186	141,999
Insurance	52,020	11,747
Inter program administration fees	(710,719)	(952,497)
Professional development	9,725	4,985
Professional fees	193,839	332,628
Repairs and maintenance	3,950	1,348
Salaries and benefits	870,126	762,153
Supplies	200,214	122,054
Telephone	28,952	32,750
Travel	308,086	350,645
Utilities	8,059	18,690
	1,248,122	920,943
Surplus (deficit)	(103,090)	97,788



Waterhen Lake First Nation
BAND PROGRAMS
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024 <i>Actual</i>	2023 <i>Actual</i>
Revenue		
Indigenous Services Canada	1,543,432	1,017,302
MLTC Program Services Inc.	337,995	278,995
Other revenue	6,197	114,525
Meadow Lake Health & Social Development Authority Inc.	-	42,380
First Nations Trust	1,021,436	802,982
Investment income - MLTC Resource Development LP	781,667	1,477,778
Prince Albert Development Corporation	70,471	94,295
Northern Lights CDC	52,500	28,837
Rental income	40,765	32,770
Interest income	10,099	9,730
Province of Saskatchewan	7,013	-
	3,871,575	3,899,594
Expenses		
Assistance	213,985	285,259
Bank charges and interest	18,011	14,192
Business grants	1,074,920	12,000
Community donations	67,708	39,011
Contracted services	108,043	288,945
Expense recoveries	(1,239)	(41,192)
Honouraria	4,350	4,630
Insurance	91,912	212,114
Inter program administration fees	24,000	54,091
Interest on long-term debt	465,486	308,160
Language and culture	200,386	338,154
Meeting	-	2,070
Professional fees	168,553	143,401
Program expense	600	122,210
Repairs and maintenance	-	13,398
Salaries and benefits	528,572	895,188
Sports, recreation and extra curricular activities	173,766	187,257
Supplies	410,744	283,449
Telephone	516	1,100
Travel	678,516	384,053
Utilities	3,714	7,467
	4,232,543	3,554,957
Surplus (deficit) before transfers	(360,968)	344,637
Transfers between programs	82,293	(433,309)
Deficit	(278,675)	(88,672)



Waterhen Lake First Nation
CAPITAL
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Indigenous Services Canada	1,965,395	2,183,587
Canada Mortgage and Housing Corporation	709,188	287,845
MLTC Child & Family Services Inc.	600,000	83,211
Other revenue	98,140	-
Rental income	117,848	117,531
Province of Saskatchewan	49,211	-
	3,539,782	2,672,174
Expenses		
Accretion expense	(293,874)	(296,772)
Amortization	1,112,062	1,316,290
Bank charges and interest	603	485
Contracted services	256,280	546,886
Expense recoveries	(2,046)	(6,061)
Honouraria	1,200	1,550
Insurance	196,597	176,320
Inter program administration fees	-	4,700
Interest on long-term debt	50,926	42,609
Meeting	61,844	43,763
Professional development	1,000	-
Professional fees	181,536	22,057
Program expense	7,890	7,040
Repairs and maintenance	68,714	85,990
Salaries and benefits	276,057	200,970
Supplies	491,899	611,446
Telephone	2,195	1,905
Travel	203,744	261,673
Utilities	13,985	1,656
	2,630,612	3,022,507
Surplus (deficit) before transfers	909,170	(350,333)
Transfers between programs	60,354	50,000
Surplus (deficit)	969,524	(300,333)



Waterhen Lake First Nation
ECONOMIC DEVELOPMENT
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
MLTC Program Services Inc.	72,577	107,818
Indigenous Services Canada	-	67,152
Earnings (loss) from investment in Nation business entities	787,532	(460,736)
	860,109	(285,766)
Expenses		
Business grants	72,577	-
Contracted services	-	120,452
Supplies	136	35,727
Travel	-	1,300
Utilities	6,953	1,822
	79,666	159,301
Surplus (deficit) before transfers	780,443	(445,067)
Transfers between programs	-	(50,100)
Surplus (deficit)	780,443	(495,167)



Waterhen Lake First Nation
EDUCATION
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Indigenous Services Canada	5,904,488	6,377,388
MLTC Program Services Inc.	528,060	437,993
Meadow Lake Health & Social Development Authority Inc.	68,415	231,843
Other revenue	-	1,270
	6,500,963	7,048,494
Expenses		
Assistance	36,713	22,630
Bank charges and interest	1,578	1,349
Contracted services	103,532	86,427
Expense recoveries	(42,575)	(706)
Honouraria	20,288	50,189
Insurance	7,458	7,448
Inter program administration fees	308,000	359,595
Language and culture	17,658	5,222
Meeting	1,076	1,175
Professional development	117,999	79,886
Program expense	536,478	311,801
Salaries and benefits	3,226,011	3,083,896
Student expenses	313,871	331,680
Supplies	635,442	597,458
Telephone	1,841	1,755
Travel	241,720	236,404
Tuition	457,913	376,533
Utilities	-	10,000
	5,985,003	5,562,742
Surplus before transfers	515,960	1,485,752
Transfers between programs	(516,126)	(358,123)
Surplus (deficit)	(166)	1,127,629



Waterhen Lake First Nation
HEALTH
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Indigenous Services Canada	4,007,719	473,380
Meadow Lake Health & Social Development Authority Inc.	723,612	3,076,545
MLTC Child & Family Services Inc.	281,344	301,311
Other revenue	900	1,455
	5,013,575	3,852,691
Expenses		
Contracted services	1,156,071	645,821
Expense recoveries	(2,364)	63
Honouraria	48,521	55,043
Insurance	30,859	24,156
Inter program administration fees	235,089	367,485
Interest on long-term debt	-	734
Language and culture	5,174	17,836
Meeting	77,801	39,720
Professional development	79,260	2,705
Repairs and maintenance	35,069	19,481
Salaries and benefits	1,770,662	1,567,623
Sports, recreation and extra curricular activities	457,227	482,493
Supplies	334,340	297,881
Telephone	27,948	23,785
Training	-	9,554
Travel	232,921	271,045
Utilities	35,577	27,699
	4,524,155	3,853,124
Surplus (deficit)	489,420	(433)



Waterhen Lake First Nation
INFRASTRUCTURE
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Indigenous Services Canada	1,371,912	1,140,583
Rental income	54,648	135,182
Department of Highways	4,300	54,216
	1,430,860	1,329,981
Expenses		
Accretion expense	(392,618)	(396,490)
Amortization	107,631	143,797
Contracted services	187,625	254,831
Expense recoveries	(1,717)	(14,096)
Fuel	50,557	89,429
Insurance	88,395	87,868
Inter program administration fees	122,198	102,303
Professional development	2,451	2,517
Repairs and maintenance	380,376	190,114
Salaries and benefits	380,137	329,599
Supplies	251,744	257,782
Telephone	16,531	15,160
Travel	55,349	42,441
Utilities	264,363	247,865
	1,513,022	1,353,120
Deficit before transfers	(82,162)	(23,139)
Transfers between programs	530,034	358,123
Surplus	447,872	334,984



Waterhen Lake First Nation
RESERVES AND TRUSTS
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Mistik Management Ltd.	224,150	213,717
Indigenous Services Canada	94,332	196,656
Rental income	-	4,000
	318,482	414,373
Expenses		
Assistance	-	5,000
Contracted services	28,345	16,480
Professional development	113	-
Professional fees	413,899	174,909
Salaries and benefits	-	11,174
Supplies	4,244	12,992
Travel	12,638	15,104
	459,239	235,659
Surplus (deficit) before transfers	(140,757)	178,714
Transfers between programs	(36,000)	-
Surplus (deficit)	(176,757)	178,714



Waterhen Lake First Nation
SOCIAL SERVICES
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
MLTC Program Services Inc.	2,800,455	2,362,536
Indigenous Services Canada	802,121	164,975
Meadow Lake Health & Social Development Authority Inc.	246,640	219,651
Other revenue	60,240	-
	3,909,456	2,747,162
Expenses		
Assistance	2,294,011	1,947,268
Contracted services	62,383	106,849
Expense recoveries	(3,114)	(566)
Inter program administration fees	21,432	62,523
Professional development	1,800	-
Program expense	62,026	931
Repairs and maintenance	13,742	-
Salaries and benefits	192,576	250,208
Sports, recreation and extra curricular activities	163,213	24,811
Supplies	50,056	154,069
Telephone	2,335	3,228
Training	470,479	369,002
Travel	42,443	40,750
Utilities	-	1,173
	3,373,382	2,960,246
Surplus (deficit)	536,074	(213,084)



Waterhen Lake First Nation
RESORTS AND RETAIL
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Other revenue	192,952	434,924
Indigenous Services Canada	-	769,924
Retail sales	2,416,824	2,820,013
Contracts	212,752	169,981
Rental income	208,614	260,880
Management fees	112,500	163,278
Interest income	-	61
	3,143,642	4,619,061
Expenses		
Advertising	10,884	13,019
Amortization	117,381	103,692
Bad debts	13,983	14,096
Bank charges and interest	33,745	39,876
Contracted services	196,729	201,355
Cost of sales	1,921,264	2,221,241
Insurance	45,764	43,254
Interest on long-term debt	135,469	120,412
Loss from theft	21,824	-
Office supplies and expenses	13,188	13,849
Professional development	8,985	278
Professional fees	83,081	154,540
Program expense	28,753	-
Repairs and maintenance	55,432	89,858
Salaries and benefits	548,614	682,178
Supplies	125,013	86,859
Telephone	12,506	13,393
Training	1,000	184,117
Travel	80,278	105,539
Utilities	65,378	70,648
	3,519,271	4,158,204
Surplus (deficit) before other items	(375,629)	460,857
Other income (expense)		
Gain (loss) on disposal of capital assets	(1,860)	(2,967)
Surplus (deficit) before transfers	(377,489)	457,890
Transfers between programs	129,426	433,409
Surplus (deficit)	(248,063)	891,299



Waterhen Lake First Nation
CHILD & FAMILY SERVICES
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2024

	2024	2023
Revenue		
Indigenous Services Canada	1,457,504	719,789
Expenses		
Assistance	238,736	31,019
Contracted services	278,964	97,879
Language and culture	215,110	96,177
Prevention	-	190,484
Professional development	2,048	23,876
Salaries and benefits	7,700	450
Sports, recreation and extra curricular activities	294,093	112,757
Supplies	109,015	105,340
Travel	61,857	61,807
	1,207,523	719,789
Surplus (deficit) before transfers	249,981	-
Transfers between programs	(249,981)	-
Surplus (deficit)	-	-