

Saddle Lake / Whitefish Lake #128

Audited Financial Statements

"Under agreements through which INAC provides grants and contributions funding for this community, "Saddle Lake Band" and "Whitefish Lake #128" separately prepare and provide financial statements to INAC. Both sets of financial statements are accordingly published here."

(866) 30-0005-1516 PRA



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PASNACK LLP

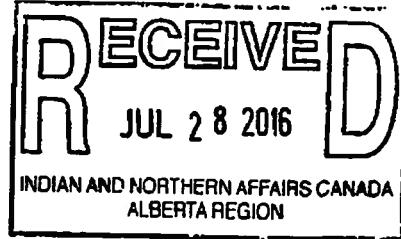
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PRIVATE AND CONFIDENTIAL

July 28, 2016

Anil Patel
Field Service Officer
First Nation Relations, Treaty 6
Indian and Northern Affairs Canada (INAC)
630 Canada Place
9700 Jasper Avenue
Edmonton AB T5J 4G2



Dear Mr. Patel:

Re: Saddle Lake Cree Nation

Enclosed are the following for the year ended March 31, 2016:

1. Documents to be published on the internet (as per Section 6.1.1):

→ a) Annual Audited Consolidated Financial Statements
b) Schedule of Remuneration and Expenses (Chiefs and Council) - Annex B

2. Documents not to be published on the internet (as per Section 6.1.1):

a) Program/Service/Activity Revenues and Expenses Schedules - Annex A
b) Schedule of Remuneration and Expenses (Unelected Senior Officials) - Annex C
c) Capital Project and O&M Schedules of Revenues and Expenditures
d) Statement of Receipt and Expenditure of Indian Moneys
e) INAC Funding Reconciliation

Yours truly,

Kingston Ross Pasnak LLP
Chartered Professional Accountants


Rob Picton, CPA, CA

Partner

RDP420500 - YE(16)

Enclosures

HAND DELIVERED TO: Anil Patel
ON July 28, 2016 name A
date initials A

SADDLE LAKE CREE NATION

Consolidated Financial Statements

YEAR ENDED MARCH 31, 2016

SADDLE LAKE CREE NATION
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Year Ended March 31, 2016

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Saddle Lake Cree Nation
Management's Responsibility for Financial Reporting
March 31, 2016

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

The consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Kingston Ross Pasnak LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Saddle Lake Cree Nation and meet when required.

On behalf of Saddle Lake Cree Nation:

S. Lake Cree Nation
Steve P. Ross

July 25, 2016



KINGSTON
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July 25, 2016

Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Saddle Lake Cree Nation

We have audited the accompanying consolidated financial statements of Saddle Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of revenues and expenditures, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Investments in government business enterprises and long term investments, which are accounted for by the modified equity method, are carried on the consolidated statement of financial position as at March 31, 2016. Saddle Lake Cree Nation's share of these enterprises' net income is included in Saddle Lake Cree Nation's consolidated surplus of revenue over expenses for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Saddle Lake Cree Nation's investment and equity in these enterprises as at March 31, 2016 and Saddle Lake Cree Nation's share of these enterprises' net income for the year. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

(continues)

Independent Auditor's Report to the Members of Saddle Lake Cree Nation *(continued)*

Qualified Opinion

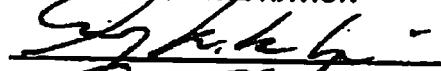
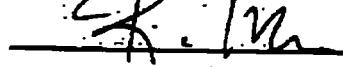
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saddle Lake Cree Nation as at March 31, 2016 and the consolidated results of its operations and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Kingston Ross Pasnak LLP
Kingston Ross Pasnak LLP
Chartered Professional Accountants

SADDLE LAKE CREE NATION
Consolidated Statement of Financial Position
March 31, 2016

| | 2016 | 2015 |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | \$ 6,680,128 | \$ 6,894,340 |
| Accounts receivable (Note 3) | 2,483,869 | 2,623,426 |
| Restricted short term investments (Note 4) | 270,163 | 288,815 |
| Investment in government business enterprises (Note 5) | 443,009 | 397,778 |
| Long term Investments (Note 6) | 8,021,478 | 6,764,408 |
| Restricted capital trust funds (Note 8) | 2,282,153 | 2,153,700 |
| Restricted revenue trust funds (Note 8) | 822,121 | 802,498 |
| | 20,952,921 | 20,004,966 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 1,962,558 | 2,478,951 |
| Deferred trust funds (Note 8) | - | 842,683 |
| Deferred revenue (Note 9) | 3,223,911 | 2,522,372 |
| Long term debt (Note 10) | 1,294,525 | 2,433,271 |
| Obligations under capital lease (Note 11) | 360,179 | - |
| | 6,841,173 | 8,077,277 |
| CONTINGENCIES (Note 14) | | |
| NET FINANCIAL ASSETS | 14,111,748 | 11,927,689 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 12) | 20,856,268 | 21,460,496 |
| Deposits and prepaid expenses | 697,573 | 867,010 |
| | 21,353,831 | 22,127,506 |
| ACCUMULATED SURPLUS | \$ 35,465,579 | \$ 34,055,195 |

ON BEHALF OF THE NATION

| | | | |
|---|------------|--|------------|
|  | Chief |  | Councillor |
|  | Councillor |  | Councillor |
|  | Councillor |  | Councillor |

SADDLE LAKE CREE NATION
Consolidated Statement of Revenues and Expenditures
For the Year Ended March 31, 2016

| | Budget 2016 (Unaudited) | 2016 | 2015 |
|--|-------------------------------|------------------|------------------|
| REVENUE | | | |
| Indigenous and Northern Affairs Canada (INAC) | \$ 35,079,783 | \$ 35,984,513 | \$ 36,090,040 |
| First Nations and Inuit Health Branch (FNIHB) | 4,350,776 | 4,871,659 | 4,676,344 |
| Other revenue | 2,626,344 | 3,584,744 | 3,564,708 |
| Province of Alberta | 2,525,500 | 2,164,987 | 2,638,628 |
| Aboriginal Human Resource Development (AHRD) | 1,831,093 | 1,523,378 | 1,519,639 |
| First Nation Development Fund (FNDF) | 1,501,165 | 1,464,184 | 1,502,033 |
| Child Tax Benefit | - | 661,318 | 571,375 |
| Capital trust funds | - | 1,464,088 | 482,000 |
| Revenue trust funds | 160,000 | 604,644 | 387,600 |
| Canada Mortgage and Housing Corporation (CMHC) | - | 75,430 | 76,581 |
| Contributions carried forward from prior year | - | 2,522,372 | 3,000,617 |
| Contributions carried forward to next year | - | (3,223,911) | (2,522,372) |
| Recovered (lapsed) funding | - | 15,077 | (50,510) |
| | 48,074,661 | 51,712,483 | 51,936,683 |
| EXPENSES | | | |
| Child Welfare | 11,108,071 | 12,059,792 | 13,789,469 |
| Education | 7,588,772 | 7,766,350 | 7,423,520 |
| Social Assistance | 10,045,321 | 7,643,877 | 8,103,044 |
| Public Works | 4,985,116 | 6,775,391 | 5,894,734 |
| Tribal Administration | 2,125,550 | 6,050,213 | 5,836,219 |
| Health Services | 4,936,954 | 5,029,731 | 5,208,148 |
| Post Secondary Education | 3,279,215 | 3,273,309 | 2,893,135 |
| Human Resources Development | 1,740,453 | 1,822,807 | 1,888,579 |
| Social Services | 1,434,720 | 1,517,894 | 1,276,162 |
| Other Health | - | 47,444 | 155,168 |
| | 47,244,172 | 51,986,808 | 52,468,178 |
| (DEFICIT) SURPLUS FROM OPERATIONS | 830,489 | (274,325) | (531,495) |
| OTHER INCOME (EXPENSES) | | | |
| Income (loss) from long term investments | - | 1,521,402 | (147,146) |
| Income from government business enterprises (Note 5) | - | 45,231 | 141,807 |
| Income distribution from Onihcikiskowapowin Business Trust | - | - | 360,451 |
| | - | 1,566,633 | 355,112 |
| SURPLUS (DEFICIT) OF REVENUES OVER EXPENSES | 830,489 | 1,292,308 | (176,383) |

(continues)

SADDLE LAKE CREE NATION**Consolidated Statement of Revenues and Expenditures (continued)****For the Year Ended March 31, 2016**

| | Budget 2016 (Unaudited) | 2016 | 2015 |
|---|-------------------------------|----------------------|----------------------|
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 34,055,195 | 34,055,195 | 34,159,100 |
| Net change in trust funds | - | 118,076 | 72,478 |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 34,885,684 | \$ 35,465,579 | \$ 34,055,195 |

SADDLE LAKE CREE NATION
Consolidated Statement of Changes in Net Financial Assets
Year Ended March 31, 2016

| | 2016 | 2015 |
|--|----------------------|----------------------|
| (Deficit) surplus of revenues over expenses | \$ 1,292,308 | \$ (176,383) |
| Acquisition of tangible capital assets | (1,005,257) | (1,453,433) |
| Disposal of tangible capital assets | 57,247 | 100,000 |
| Amortization of tangible capital assets | 1,752,248 | 1,792,915 |
| Disposal of deposits and prepaids | (30,563) | 90,855 |
| Net change in trust funds | 118,076 | 72,478 |
| Change in net financial assets | 2,184,059 | 426,432 |
| Net financial assets, beginning of year | 11,927,689 | 11,501,257 |
| Net financial assets, end of year | \$ 14,111,748 | \$ 11,927,689 |

SADDLE LAKE CREE NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2016

| | 2016 | 2015 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Surplus (deficit) of revenue over expenses | \$ 1,292,308 | \$ (176,383) |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 1,752,248 | 1,792,915 |
| Loss on disposal of tangible capital assets | 2,097 | - |
| Share of income from government business enterprises | (45,231) | (154,296) |
| Share of income from investments | (1,257,069) | 492,755 |
| | 1,744,353 | 1,954,991 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 139,556 | 365,023 |
| Accounts payable and accrued liabilities | (516,393) | 268,887 |
| Deferred revenue and deferred trust funds | 58,856 | 148,203 |
| Deposits and prepaid expenses | (30,562) | 90,855 |
| | (348,543) | 872,968 |
| Cash flow from operating activities | 1,395,810 | 2,827,959 |
| INVESTING ACTIVITY | | |
| Purchase of short term investments | (1,348) | (3,641) |
| Cash flow (used by) from investing activities | (1,348) | (3,641) |
| FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 146,534 | 81,919 |
| Repayment of long term debt | (1,285,279) | (1,225,026) |
| Repayment of obligations under capital lease | (160,258) | - |
| Cash flow used by financing activities | (1,299,003) | (1,143,107) |
| CAPITAL ACTIVITIES | | |
| Acquisitions of tangible capital assets | (484,821) | (1,453,433) |
| Disposal of tangible capital assets | 55,150 | 100,000 |
| Cash flow used by capital activities | (429,671) | (1,353,433) |
| (DECREASE) INCREASE IN CASH | (334,212) | 327,778 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 6,994,340 | 6,666,562 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 6,660,128 | \$ 6,994,340 |

SADDLE LAKE CREE NATION**Consolidated Schedule of Total Expenses by Object****(Schedule 1)****Year Ended March 31, 2016**

| | Budget (unaudited) 2016 | 2016 | 2015 |
|---|-------------------------------|----------------------|----------------------|
| Wages and benefits | \$ 15,448,174 | \$ 16,228,625 | \$ 15,322,120 |
| Child welfare maintenance | 6,740,651 | 8,698,807 | 10,317,417 |
| Direct social assistance | 9,165,795 | 6,537,765 | 7,153,545 |
| Contracted and program services | 4,135,600 | 4,856,605 | 4,444,091 |
| Travel, meetings, workshops | 1,780,381 | 3,136,489 | 3,142,527 |
| Post secondary allowances and tuition | 2,775,570 | 2,859,305 | 2,645,302 |
| Materials, goods and utilities | 2,276,711 | 2,588,783 | 2,723,717 |
| Repairs and maintenance | 2,776,202 | 2,512,651 | 2,155,000 |
| Amortization of tangible capital assets | - | 1,752,249 | 1,792,915 |
| Office and general | 1,448,675 | 1,654,043 | 1,540,544 |
| Donations, sponsorships and honorariums | 330,153 | 580,328 | 698,219 |
| Professional fees | 357,210 | 437,636 | 354,528 |
| Interest and bank charges | 9,050 | 143,522 | 178,253 |
| | \$ 47,244,172 | \$ 51,986,808 | \$ 52,468,178 |

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

1. NATURE OF THE ORGANIZATION

Saddle Lake Cree Nation ("the Nation") is committed to developing an effective governance structure to enhance the community services, culture, education, wellness and economic prosperity while retaining the Treaty Rights of Saddle Lake Cree Nation members.

These consolidated financial statements reflect the financial assets, non-financial assets, liabilities, revenues and expenses of Saddle Lake Cree Nation No. 125 and No. 125A.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Nation and its subsidiary 544526 Alberta Ltd. As a result, figures as at March 31, 2016 and for the year then ended include the financial position of the subsidiary and the results of its operations for the year then ended. The results of operations of the subsidiary are included in the consolidated financial statements from the date of incorporation.

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established for local governments recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies observed in the preparation of the consolidated financial statements are summarized below.

Revenue recognition

Funding received under the terms of agreements is recognized as revenue in the relevant funding period when the funding agreements are approved. Restricted contributions are recognized as revenue when the revenue is approved and the related expenditures are incurred. Restricted contributions which are not yet expended for the intended purpose are included in the consolidated statement of financial position as deferred revenue.

Income earned from oil and gas royalties in the restricted Capital and Revenue trust funds is recognized when a Band Council Resolution requesting to withdraw the amounts from the respective trust fund account is approved. Approved withdrawals which are not yet expended for the intended purpose are included in the statement of financial position as deferred trust funds. The uncommitted balance in the trust funds accounts are included in the consolidated statement of financial position as accumulated surplus.

Other revenues are recognized when persuasive evidence of an arrangement exists, delivery of goods has occurred or services have been rendered, the selling price is fixed or determinable, and collection is reasonably assured. Revenue is measured at the fair value of the consideration received.

Income from Onihcikiskowapowin Business Trust ("the Trust") is recognized on the accrual basis pursuant to the Trust's Trust Deed, under which 10% to 20% of the defined annual income of the Trust is distributed to the Nation as of December 31 of each year.

(continues)

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year together with the excess of revenues over expenses provides the change in net financial assets for the year.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit less cheques issued and outstanding and net of draws on the operating line of credit. On occasion, the operating line of credit is drawn upon to meet short-term cash needs.

Short term investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are carried at amortized cost.

Long term investments

Long term investments are accounted for using the modified equity method. Accordingly the investments are recorded at acquisition cost and are increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received. The accounting policies of the long term investments have not been adjusted to conform with those of Saddle Lake Cree Nation and inter-entity balances are not eliminated. Inter-entity gains and losses are eliminated on assets remaining within the long term investments entities at the reporting date.

Investment in government business enterprises

The investments in government business enterprises are accounted for using the modified equity method whereby the investment is initially recorded at cost and adjusted thereafter to include the post acquisition earnings of the enterprises. The accounting policies of the government business enterprises have not been adjusted to conform with those of Saddle Lake Cree Nation and inter-entity balances are not eliminated. Inter-entity gains and losses are eliminated on assets remaining within the government reporting entities at the reporting date.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

| | | |
|------------------------|------|----------------------------|
| Land | N/A | non-amortizable |
| Buildings | 4% | diminishing balance method |
| Automotive | 30% | diminishing balance method |
| Computer equipment | 50% | diminishing balance method |
| Equipment | 20% | diminishing balance method |
| Engineering structures | 4-6% | diminishing balance method |

Tangible capital assets under construction are amortized once the assets are available for use. In the year of acquisition, half of the normal rate of available amortization is charged.

(continues)

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension expenditures

Saddle Lake Cree Nation sponsors a defined contribution pension plan for certain employees. Under the plan the Nation matches the employee's contribution of 5% of earnings. During the year the Nation contributed \$529,795 (2015 - \$441,725) to the pension plan. The employer's portion of the payment is recorded as employee benefits in the period when the benefit is earned.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. ACCOUNTS RECEIVABLE

| | 2016 | 2015 |
|---|---------------------|---------------------|
| Accounts receivable include amounts due from the following: | | |
| Province of Alberta | \$ 698,304 | \$ 700,702 |
| Saddle Lake Building Supplies Ltd. | 566,347 | 565,147 |
| Other receivables | 400,863 | 441,319 |
| First Nation Development Fund | 370,914 | 369,652 |
| Indigenous and Northern Affairs Canada | 333,222 | 187,219 |
| Canada Revenue Agency | 114,219 | 115,270 |
| Onihcikiskowapowin Business Trust | - | 244,117 |
| | \$ 2,483,869 | \$ 2,623,426 |

Included in the accounts receivable balance due from Saddle Lake Building Supplies Ltd. is \$300,000 which is held in a term deposit that is required security in Saddle Lake Building Supplies Ltd.'s agreement with Castle Building Centres Group Ltd.

The balance due from Indigenous and Northern Affairs Canada includes \$258,110 (fiscal 2016 program delivery) and \$80,035 (fiscal 2015 Basic Needs - Learners program delivery), less \$4,923 of lapsed funding relating to fiscal 2016 (Basic Needs - Learners program delivery).

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

4. RESTRICTED SHORT TERM INVESTMENTS

Included in restricted short term investments are Guaranteed Investment Certificates which bear interest at 0.80% and mature on September 21, 2016. These investments are held as security for the Canada Mortgage and Housing Corporation replacement reserves and the use of such investments is therefore restricted. The replacement reserve is underfunded at year end as reflected in Note 14.

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Balance beginning of year | \$ 397,778 | \$ 243,482 |
| Share of income (loss) | 45,231 | 141,807 |
| Net advances from government business enterprises | - | 12,489 |
| | \$ 443,009 | \$ 397,778 |

The following is a summary of the percentage of government business enterprises owned and the related year ends of the entities. The financial information presented below is combined based on the government business enterprises respective year ends.

| | % ownership | Year end |
|------------------------------------|-------------|-------------------|
| Bison Auto Shop Ltd. | 100% | July 31, 2015 |
| Saddle Lake Building Supplies Ltd. | 100% | December 31, 2015 |

Unaudited Aggregate balance sheet information:

| | | |
|---------------------|---------------------|---------------------|
| Assets | | |
| Current assets | \$ 1,188,520 | \$ 1,000,900 |
| Capital assets | 129,725 | 115,093 |
| | \$ 1,318,245 | \$ 1,115,993 |
| Liabilities | | |
| Current liabilities | \$ 282,399 | \$ 147,669 |
| Other liabilities | 1,092,802 | 1,070,511 |
| Equity | (56,956) | (102,187) |
| | \$ 1,318,245 | \$ 1,115,993 |

Unaudited Aggregate income statement information:

| | | |
|-------------------|------------------|-------------------|
| Revenue | \$ 5,949,279 | \$ 6,340,261 |
| Expenses | (5,904,048) | (6,198,454) |
| Net income | \$ 45,231 | \$ 141,807 |

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

6. LONG TERM INVESTMENTS

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Pimee Well Servicing Ltd. | \$ 1,700,128 | \$ 1,876,659 |
| Seven Lakes Oilfield Services LP | 1,610,981 | 1,350,975 |
| Pimee Well Servicing LP | 1,601,427 | 1,153,272 |
| Keyano Pimee Exploration Company Ltd. | 1,415,140 | 1,415,140 |
| SL Smoke Eaters LP | 1,114,790 | 790,860 |
| Peyasew Oilfield Services LP | 513,335 | 111,826 |
| United Farmers of Alberta Equity | 50,233 | 50,233 |
| <u>TD Canada Trust guaranteed investment certificate</u> | <u>15,444</u> | <u>15,444</u> |
| | \$ 8,021,478 | \$ 6,764,409 |

7. RELATED PARTY TRANSACTIONS

During the year, transactions with Saddle Lake Cree Nation's owned entities and long term investments were incurred. These transactions are in the normal course of operations and have been recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.

8. RESTRICTED CAPITAL AND REVENUE TRUST FUNDS

Trust funds are considered restricted assets and are controlled directly by Indigenous and Northern Affairs Canada. The expenditure of trust funds is limited to purposes identified in the Indian Act. Information relating to the income earned in the trust fund accounts from oil and gas royalties, leases and rentals was obtained directly from Aboriginal Affairs and Northern Development Canada. The uncommitted balance at the end of the year is shown in the accumulated surplus (Note 13) as equity in trust funds.

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Capital trust fund | | |
| Beginning of year | \$ 2,153,700 | \$ 2,164,779 |
| Income from royalties | 1,071,020 | 962,443 |
| Transfer to Nation programs for current fiscal year | (972,567) | (482,000) |
| Transfer to Nation programs for subsequent fiscal year | - | (491,522) |
| | 2,252,153 | 2,153,700 |
| Revenue trust fund | | |
| Beginning of year | 802,498 | 718,943 |
| Income from royalties and interest | 473,105 | 622,316 |
| Transfer to Nation programs for current fiscal year | (453,482) | (387,600) |
| Transfer to Nation programs for subsequent fiscal year | - | (151,161) |
| | 822,121 | 802,498 |
| Total trust funds | \$ 3,074,274 | \$ 2,956,198 |

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

9. DEFERRED REVENUE

Deferred revenue represents funding received during the year that has not been expended as at March 31, 2016.

| | 2016 | 2015 |
|--|---------------------|---------------------|
| Indigenous and Northern Affairs Canada | \$ 2,166,603 | \$ 1,931,416 |
| Other | 608,665 | 272,491 |
| Revenue trust funds | 398,643 | 268,465 |
| Capital trust funds | 50,000 | 50,000 |
| | \$ 3,223,911 | \$ 2,522,372 |

Included in the INAC deferred revenue is \$316,603 for Social Assistance – Income Assistance, and \$1,850,000 for Administration, which has been allocated for expenditure in the year ended March 31, 2017 to numerous INAC block funded programs and projects (Minor renovations - \$500,000; Administration \$400,000; Youth recreation \$300,000; Band hall \$250,000; Housing \$132,000; Severance plans \$108,000; Land claim legal fees \$80,000; GPS Emergency plan \$40,000; Ice plant machine \$30,000; Church \$10,000) as per Chief and Council resolution on April 5, 2016.

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

10. LONG TERM DEBT

| | 2016 | 2015 |
|---|---------------------|---------------------|
| TD Canada Trust bank loan bearing interest at 2.930% per annum, repayable in quarterly blended payments of \$239,221. The loan matures on April 30, 2016 and is secured as disclosed below. | \$ 245,287 | \$ 1,206,663 |
| Project #001 mortgage repayable to Canada Housing and Mortgage Corporation bearing interest at 0.94% per annum, repayable in monthly blended payments of \$2,264. The mortgage renews on September 1, 2020 and matures on April 1, 2025 and is secured by a ministerial guarantee. | 236,446 | 260,179 |
| Project #003 mortgage repayable to Canada Housing and Mortgage Corporation bearing interest at 1.64% per annum, repayable in monthly blended payments of \$1,942. The mortgage renews on December 1, 2016 and matures on October 1, 2026 and is secured by a ministerial guarantee. | 226,290 | 245,709 |
| Project #002 mortgage repayable to Canada Housing and Mortgage Corporation bearing interest at 2.63% per annum, repayable in monthly blended payments of \$1,905. The mortgage renews on June 1, 2016 and matures on May 1, 2026 and is secured by a ministerial guarantee. | 204,081 | 221,338 |
| GE Capital Finance loans bearing interest at various rates ranging from 7.525% to 8.866% per annum, repayable in monthly blended payments ranging from \$1,643 to \$2,045. The loans mature between June 10, 2017 and November 16, 2019 and are secured by automotive equipment with a carrying value of \$178,282. | 201,888 | 286,855 |
| BMO bank loan bearing interest at 7.25% per annum, repayable in monthly blended payments of \$1,965. The loan matures on February 8, 2021 and is secured by equipment with a carrying value of \$83,852. | 97,280 | - |
| TD Canada Trust bank loan bearing interest at 2.930% per annum, repayable in quarterly blended payments of \$42,806. The loan matures on May 11, 2016 and is secured as disclosed below. | 41,831 | 206,043 |
| Ford Credit loan bearing interest at 4.89% per annum, repayable in monthly blended payments of \$901. The loan matures on June 24, 2020 and is secured by automobile equipment with a carrying value of \$40,702. | 41,422 | - |
| <u>Ford Credit loan has been repaid during the year.</u> | <u>-</u> | <u>6,484</u> |
| | \$ 1,294,525 | \$ 2,433,271 |

(continues)

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

10. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

| | |
|------------|---------------------|
| 2017 | \$ 457,789 |
| 2018 | 155,190 |
| 2019 | 134,371 |
| 2020 | 108,951 |
| 2021 | 90,310 |
| Thereafter | <u>347,914</u> |
| | <u>\$ 1,294,525</u> |

Interest paid on long-term debt amounted to \$85,073 (2015- \$127,443) during the year.

TD Canada Trust bank loans are secured by:

- a) general security agreement representing a first charge on all present and after acquired personal property;
- b) Band Council Resolution authorizing each loan, the security and the terms of credit therein;
- c) assignment of term deposits and credits in the amount of \$13,000;
- d) postponement of agreement;
- e) unlimited guarantee of advances by 544526 Alberta Ltd., Peyasew Oilfield Services Incorporated, Peyasew Oilfield Services LP, Saddle Lake Building Supplies Ltd., and SL Smoke Eaters LP;
- f) assignment of fire insurance.

As at March 31, 2016, Saddle Lake Cree Nation has a line of credit of \$200,000 available from TD Canada Trust bearing interest at prime plus 0.75% (effective rate of 2.70% at year end). As at March 31, 2016 the loan was not drawn upon.

11. OBLIGATIONS UNDER CAPITAL LEASE

| | 2016 | 2015 |
|--|-------------------|------|
| John Deere non-interest bearing lease repayable in monthly payments of \$7,126. The lease matures on June 1, 2020 and is secured by equipment which has a carrying value of \$456,302. | <u>\$ 360,179</u> | \$ - |

Future minimum capital lease payments are approximately:

| | |
|----------------------------------|-----------------------|
| 2017 | \$ 81,338 |
| 2018 | 82,395 |
| 2019 | 83,467 |
| 2020 | 84,552 |
| 2021 | <u>28,427</u> |
| Total minimum lease payments | <u>\$ 360,179</u> |

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

12. TANGIBLE CAPITAL ASSETS

| COST | 2015 | Acquisitions | Disposals | 2016 |
|------------------------|----------------------|---------------------|-------------------|----------------------|
| Land | \$ 647,730 | \$ - | \$ - | \$ 647,730 |
| Buildings | 7,202,720 | - | - | 7,202,720 |
| Engineering structures | 15,716,525 | - | - | 15,716,525 |
| Equipment | 1,496,049 | - | - | 1,496,049 |
| Automotive | 6,924,580 | 959,186 | 115,707 | 7,768,059 |
| Computer equipment | 599,816 | 46,071 | - | 645,887 |
| | \$ 32,587,420 | \$ 1,005,257 | \$ 115,707 | \$ 33,476,970 |

| ACCUMULATED AMORTIZATION | 2015 | Amortization | Disposals | 2016 |
|---------------------------------|----------------------|---------------------|------------------|----------------------|
| | | expense | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Buildings | 1,756,390 | 205,746 | - | 1,962,136 |
| Engineering structures | 3,076,308 | 725,297 | - | 3,801,605 |
| Equipment | 564,914 | 152,767 | - | 717,681 |
| Automotive | 5,197,315 | 623,011 | 58,460 | 5,761,866 |
| Computer equipment | 531,997 | 45,427 | - | 577,424 |
| | \$ 11,126,924 | \$ 1,752,248 | \$ 58,460 | \$ 12,820,712 |

| NET BOOK VALUE | 2015 | 2016 |
|------------------------|----------------------|----------------------|
| Land | \$ 647,730 | \$ 647,730 |
| Buildings | 5,446,330 | 5,240,584 |
| Engineering structures | 12,640,217 | 11,914,920 |
| Equipment | 931,135 | 778,368 |
| Automotive | 1,727,265 | 2,006,193 |
| Computer equipment | 67,819 | 68,463 |
| | \$ 21,460,496 | \$ 20,656,258 |

13. ACCUMULATED SURPLUS

| | 2016 | 2015 |
|-----------------------------------|----------------------|----------------------|
| Unrestricted surplus | \$ 7,105,374 | \$ 4,606,736 |
| Equity in trust funds (Note 8) | 3,074,273 | 2,956,198 |
| Equity in tangible capital assets | 17,216,086 | 18,417,076 |
| Equity in investments | 8,069,846 | 8,075,185 |
| | \$ 35,465,579 | \$ 34,055,195 |

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

14. CONTINGENCIES

As at March 31, 2016, Saddle Lake Cree Nation has unfunded CMHC replacement reserves in the amount of \$159,674 (2015 - \$133,868).

The Nation has provided a guarantee to SL Smoke Eaters LP in the amount of \$100,000 for a demand revolving credit facility. The general security agreement is a first charge on all present and after acquired personal property.

The Nation is named as a defendant in ongoing legal proceedings with a member of the Nation, the Canadian Human Rights Commission and the Attorney General of Canada. The outcome and estimate of loss, if any, are not determinable as at the report date.

The Nation has been added as a defendant in a claim made against Her Majesty the Queen by another Alberta First Nation. The outcome and estimate of loss, if any, are not determinable at the report date.

The Nation has been named as a respondent in a Notice of Application for judicial review relating to the Nation's election code. No damages are being sought by the applicants; however, the applicants are seeking solicitor-client costs. The outcome and estimate of loss, if any, are not determinable at the report date.

15. FINANCIAL INSTRUMENTS

The Nation is exposed to various risks through its financial instruments. The following analysis provides information about the Nation's risk exposure and concentration as of March 31, 2016. Unless otherwise noted, the Nation's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from other revenue. The significant annual funding received from the Government of Canada minimizes credit risk.

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 market interest rates. The Nation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

16. SEGMENT INFORMATION

Saddle Lake Cree Nation provides a wide range of services to its members. Services are delivered through a number of different programs and departments. Identified segments are defined by Saddle Lake Cree Nation for which separate financial information is available and is evaluated regularly by Chief and Council and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in Note 2.

SADDLE LAKE CREE NATION
Consolidated Notes to Financial Statements
Year Ended March 31, 2016

17. BUDGET INFORMATION

The budget information for the year ended March 31, 2016 is prepared by management, approved by Chief and Council and is unaudited.

18. SUBSEQUENT EVENTS

- Subsequent to year end, as disclosed in Note 14, the Nation has been named as a respondent in a Notice of Application for judicial review relating to the Nation's election code.

19. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

20. CONSOLIDATED SEGMENT DISCLOSURES

| | 2010 Fiscal Year | Public Works | Human Resources Development | Education | Poll Secondary | Social Assistance | Social Services | Child Welfare | Administration | Tribe | Other Health | Health Care Centres | Other | Total |
|--|------------------|--------------|-----------------------------|-----------|----------------|-------------------|-----------------|---------------|----------------|-------------|--------------|---------------------|-----------|------------|
| Revenues | | | | | | | | | | | | | | |
| HALC Block Contribution And PG HALC Trust Contribution And PG | 2,627,500 | - | 5,385,367 | 1,267,294 | 9,861,181 | 56,450 | 10,000 | 130,906 | 1,850,511 | - | 631,926 | - | - | 24,981,933 |
| HALC Big Contribution And PG | 630,360 | - | 200,000 | 1,308,322 | - | 10,000 | - | 9,384,127 | 15,175 | - | - | 6,860,379 | - | 3,612,646 |
| FBI Native And First Nation Branch (HALC) | 672,490 | - | 94,716 | 170,819 | 3,040 | - | - | 24,225 | 249,013 | 1,460,102 | 74,159 | 4,811,659 | - | 4,971,659 |
| Other Revenue | - | - | - | - | - | - | - | 58,600 | 2,619,187 | 92,520 | - | 80,634 | - | 3,642,269 |
| Arctic/NWDC Development Fund (ANDF) | - | - | 171,924 | 311,454 | - | - | - | - | - | - | - | - | - | 1,162,375 |
| The Nation Development Fund (TNDF) | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,464,114 |
| Child Tax Benefit | 994,000 | - | - | - | - | - | - | - | - | - | - | - | - | 981,219 |
| Capital Trust Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | 646,464 |
| Revenue Trust Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | 76,430 |
| Canada Mortgage and Housing Corporation (CMHC) | 75,450 | - | - | - | - | - | - | - | - | - | - | - | - | 71,380 |
| Net contributions earned and funded | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | 16,877 |
| (Loss) income and funding | - | - | - | - | - | - | - | - | - | - | - | - | - | 164,481 |
| Property Tax Revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Income allocation from Ontario Hydro* | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Income from Government Business Enterprise | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest from Investments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenues | 8,358,328 | 2,604,306 | 7,252,153 | 3,904,238 | 51,131,871 | 12,211,343 | 12,211,343 | 5,955,159 | 74,159 | 5,955,159 | 5,955,159 | 5,955,159 | 5,955,159 | 53,279,119 |
| Expenses | | | | | | | | | | | | | | |
| Wages and benefits | 1,788,124 | 870,440 | 4,461,920 | 1,927,653 | 868,521 | 1,604,664 | 2,394,200 | 1,904,797 | 375,981 | 1,719 | 1,041,921 | - | 2,329,891 | 19,323,425 |
| Contracted and program services | 1,772,054 | 47,560 | 1,821,220 | 1,807,720 | 1,150 | 20,950 | 1,657 | 5,670 | 51,370 | 100,621 | 1,126,126 | - | 326,126 | 4,964,965 |
| Professional fees | 43,317 | 27,000 | 21,655 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | - | - | 437,631 |
| Materials, goods and utilities | 576,518 | 619 | 4,823,959 | 158,607 | 9,862 | 9,862 | 9,862 | 9,862 | 50,702 | 100,204 | 2,424 | - | 40,700 | 8,585,733 |
| Amortization of long-term capital assets | 1,254,667 | 6,770 | 94,984 | 14,305 | 15,504 | 2,407,713 | 15,504 | 12,500 | 20,316 | 12,500 | 1,357 | - | 1,782,269 | - |
| Post secondary scholarships and tuition | 21,891 | - | 37,333 | 28,048 | 63,736 | 63,736 | 63,736 | 63,736 | 63,736 | 63,736 | 63,736 | - | - | 2,638,305 |
| Retirement and contributions | 1,492,262 | - | 165,571 | 101,978 | 129,022 | 308,671 | 129,022 | 129,022 | 478,204 | 975,672 | 20,630 | - | 20,630 | 2,517,240 |
| Invest. Holdings, Wknd/Hpds | 121,065 | - | 210,236 | 144,588 | 262,247 | 43,421 | 262,247 | 262,247 | 221,572 | 412,980 | 662,942 | - | - | 1,176,449 |
| Office and general | 38,050 | 400 | 22,913 | 41,328 | 9,850 | 41,328 | 9,850 | 1,150 | 50,450 | 62,623 | 350 | - | 27,065 | 1,040,041 |
| Debt service, partnerships and ventures | 22,068 | - | 33,102 | 1,653 | 1,540 | 1,260 | 1,260 | 1,260 | 63,466 | 63,466 | 6 | - | 10,000 | 14,323 |
| Child welfare interventions | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,086,877 |
| Other social assistance | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,537,765 |
| Child Tax Benefit | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | 8,719,311 | 1,622,607 | 7,758,349 | 3,772,349 | 7,645,377 | 1,519,264 | 7,645,377 | 1,519,264 | 6,060,782 | 47,646 | 5,820,722 | - | - | 31,988,020 |
| Business (before) before transfers | | (1,309,626) | 232,487 | (249,917) | 264,837 | -3,487,785 | (1,646,151) | - | 201,824 | (1,609,033) | 26,726 | 170,440 | 1,000,000 | 1,302,325 |
| Transfers | | | | | | | | | | | | | | |
| Office and Vehicle/other | 210,211 | 113,875 | (13,875) | (13,875) | (13,875) | (13,875) | (13,875) | (13,875) | - | - | - | - | - | - |
| CCTB Transfers | 191,960 | - | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 20,000 |
| WHP Transfers | 162,613 | - | 36,202 | 22,077 | 22,077 | 21,721 | 21,721 | 21,721 | 10,700 | 10,700 | 10,700 | 10,700 | 10,700 | 135,000 |
| Acquiring fee | 9,854 | - | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 140,000 |
| Transfers | (23,784) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers from Human Resource Development | - | - | 1,156,561 | 20,322 | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | (4,000) | 1,156,561 |
| Transfers to Administration | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers from Service Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Transfers | 671,644 | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (111,717) | (267,000) |
| Business (before) after transfers | | (20,467) | 171,223 | (20,467) | 71,649 | 13,241 | (2,324) | 13,241 | (20,467) | 67,726 | 26,726 | (192,709) | 1,000,000 | 1,302,325 |

23 CONSOLIDATED FINANCIAL DISCLOSURES (continued)

| | 2015 Fiscal Year | Public Works | Human Resource Development | Education | Post Secondary | Social Assistance | Social Services | Child Welfare | Administration | Other Health | Health Care Centres | Other | Total |
|--|------------------|--------------|----------------------------|-----------|----------------|--------------------------|-----------------|---------------|----------------|--------------|---------------------|-----------|------------|
| Revenue | | | | | | | | | | | | | |
| MNC Block Contribution Funding | 2,457,143 | - | 5,421,382 | 3,207,173 | 9,648,411 | - | 26,167 | 114,040 | 1,921,787 | - | 53,349 | - | 21,461,626 |
| MNC Field Contribution Funding | 655,000 | - | 143,612 | 1,365,717 | - | - | 371,160 | 8,056,274 | - | 236,113 | - | - | 8,716,271 |
| Post-Secondary and Post-Secondary (P+H+ES) | 773,459 | - | - | - | - | - | - | - | - | - | - | - | 773,459 |
| Other Revenue | 528,801 | - | 677,223 | 154,599 | 4,954 | - | - | 52,664 | 164,482 | 1,373,214 | 103,146 | 4,676,344 | - |
| Provincial Rebates | - | - | 1,008,187 | 311,452 | - | - | - | 69,850 | 2,469,744 | - | - | - | 3,864,704 |
| First Nation Development Land (FNDF) | - | - | - | - | - | - | - | - | - | - | - | - | 3,838,026 |
| Child Tax Benefit | - | - | - | - | - | - | - | - | - | - | - | - | 1,919,609 |
| Capital Trust Funds | - | - | - | - | - | - | - | - | - | - | - | - | 1,879,613 |
| Revenue Trust Funds | - | - | - | - | - | - | - | - | - | - | - | - | 462,375 |
| Canada Mortgage and Housing Corporation (CMHC) | 16,501 | - | 430,943 | - | - | (246,730) | (937,887) | 131,950 | 70,816 | 347,950 | - | - | 387,800 |
| Non-contributed Current Reward | 938,474 | - | - | - | - | - | - | - | - | - | - | - | 70,561 |
| Impact Funding | - | - | - | - | - | - | - | - | - | - | - | - | 197,3146 |
| Non-qualification from On-Reserve Development Businesses Trust | - | - | - | - | - | - | - | - | - | - | - | - | 30,619 |
| Local Government Business Enterprise | - | - | - | - | - | - | - | - | - | - | - | - | 300,451 |
| Local Government Investment | - | - | - | - | - | - | - | - | - | - | - | - | 141,307 |
| Total Revenue | 5,722,200 | 3,065,795 | 7,772,199 | 2,814,181 | 9,351,914 | 382,172 | 12,473,829 | 6,629,750 | 163,159 | 1,323,741 | 147,146 | - | 117,549 |
| Expenses | | | | | | | | | | | | | |
| Wages and benefits | 1,610,224 | 860,866 | 4,273,379 | 197,535 | 594,867 | 710,200 | 2,584,961 | 7,510,114 | - | 2,181,909 | - | - | 19,232,113 |
| Contracted and program services | 858,360 | 345,832 | 1,652,850 | 1,652,842 | 8,000 | 286,317 | 1,204 | 793,051 | - | 412,450 | - | - | 4,464,691 |
| Professional fees | 50,271 | 45,445 | 50,271 | (13,051) | 8,000 | 5,242 | 77,544 | - | - | 23,916 | - | - | 324,329 |
| Aliments, goods and utilities | 563,027 | 7,173 | 489,533 | 163,191 | 12,024 | 51,911 | 44,656 | 14,350 | 17,146 | - | - | - | 2,723,717 |
| Administration of long-term capital resources | 1,231,620 | 12,470 | 173,850 | 263,070 | 12,965 | 4,178 | 37,691 | 43,249 | 20,910 | 131,900 | - | - | 1,762,615 |
| Post secondary education grants and bursaries | - | - | 369,763 | 2,332,40 | 2,200,01 | 43,700 | - | - | - | - | - | - | 2,864,302 |
| Repairs and maintenance | 1,224,137 | 59,883 | 434,017 | 60,943 | 965 | 46,691 | 53,306 | 45,638 | - | 764,338 | - | - | 2,188,606 |
| Travel, Lodging, Workshops | 81,543 | 285,407 | 11,135 | 14,922 | 218,980 | 147,410 | 41,179 | 111,364 | 78,136 | - | - | - | 312,827 |
| Overtime, Specialized and professional | 230,911 | 150,102 | 226,314 | 37,113 | 46,955 | 27,019 | 223,206 | 399,931 | 12,380 | 270,774 | - | - | 1,562,564 |
| Intergovernmental Transfers | 4,224 | 207 | 30,100 | 31,646 | 4,870 | 350 | 42,459 | 46,979 | 47,364 | 10,351 | - | - | 866,711 |
| Child and Family Services | 20,376 | - | 32,546 | 20,770 | 1,050 | 1,975 | 10,370 | 120,573 | - | 37 | - | - | 117,223 |
| Child and Family Services | - | - | - | - | - | - | - | - | - | - | - | - | 10,371,617 |
| Local Social Assistance | - | - | - | - | - | - | - | - | - | - | - | - | 7,164,683 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | 7,400 |
| Total Expenses | 8,891,734 | 1,251,379 | 7,425,559 | 2,795,138 | 8,183,664 | 1,276,162 | 15,705,408 | 6,924,210 | 162,168 | 5,282,145 | 184,933 | 355,113 | 52,251,776 |
| Statistical (Gross) before transfers | | (171,200) | 976,318 | (102,820) | 71,000 | 1,269,373 | (140,265) | (1,273,540) | (23,453) | (20,013) | - | - | (171,200) |
| Transfers | | | | | | | | | | | | | |
| Offices rent | 211,961 | (13,748) | (14,775) | (103,751) | (23,950) | - | (4,279) | (100,973) | - | - | - | - | - |
| Vehicle lease | 157,076 | (8,975) | (146,103) | 100,000 | - | 1 ¹ (197,613) | 935,000 | - | 23,613 | - | - | - | 20,000 |
| C.C.T.B. transfers | 100,000 | - | - | - | - | 1 ¹ (87,702) | 54,339 | - | 2,420 | - | - | - | 18,500 |
| WSP Transfers | 817 | - | 1,227 | 18,204 | (22,501) | (8,001) | (18,500) | (23,450) | 138,112 | - | - | - | (18,500) |
| Aboriginal Transfers | (17,845) | (11,817) | (4,501) | (100,000) | (15,000) | - | (63,500) | (10,000) | 50,000 | - | - | - | (10,000) |
| Transfer from Human Resources Development | 100,000 | (100,000) | - | 40,000 | (40,000) | - | 46,100 | (46,100) | 43,500 | - | - | - | - |
| Transfer to Post Secondary | - | - | - | (20,000) | - | - | - | - | 63,500 | - | - | - | - |
| Transfer from Some Services | - | - | - | - | - | - | - | - | - | - | - | - | (20,700) |
| Total Transfers | 552,673 | (17,813) | (47,114) | (64,139) | (1,261,385) | (86,356) | (15,719) | (45,372) | 261,710 | - | (20,700) | - | (20,700) |
| Balances (Deficits) after transfers | | 209,211 | 709,421 | (107,251) | 7,281 | (14,895) | 50,379 | (1,688,219) | 123,819 | (101,107) | 286,112 | (171,200) | 52,251,776 |

(864) 30-0005-15, 16 PRA

DOYLE & COMPANY
CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*
Scott T. Mockford, C.A.*
* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr
Edmonton, Alberta T5H 0Y1
Tel (780) 452-2300, Fax (780) 452-2335

July 29, 2016

INDIGENOUS AND NORTHERN AFFAIRS CANADA
630 Canada Place, 9700 Jasper Avenue
EDMONTON, Alberta T5J 4G2

Attention: Mr. Sam Deeb, Field Services Officer

Dear Mr. Deep:

Re: Whitefish Lake Band No. 128

Please find enclosed, for publication, under the First Nation Financial Transparency Act (FNFTA)

→ 1. A copy, for your use, of the audited Financial Statements for the year ended March 31, 2016.
2. A copy, for your use, of the Schedule of Salaries, Honoraria, Travel and other Remuneration for Elected or Appointed Officials for the year ended March 31, 2016.

Should you have any questions regarding the foregoing, please do not hesitate to contact this office.

Yours truly,

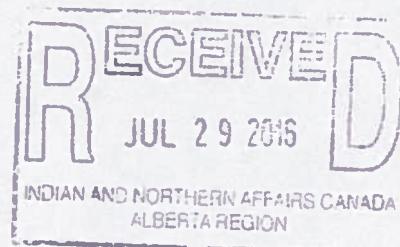
DOYLE & COMPANY

Scott Mockford

S.T. Mockford, C.A.

STM/br

Enclosures



**Whitefish Lake Band No. 128
Consolidated Financial Statements
March 31, 2016**

Whitefish Lake Band No. 128

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Whitefish Lake Band No. 128 are the responsibility of management and have been approved by the Chief and Administrator on behalf of Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Whitefish Lake Band No. 128 maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that Whitefish Lake Band No. 128's assets are appropriately accounted for and adequately safeguarded.

Whitefish Lake Band No. 128 is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

Chief

Councilor

Kevin Holt

Councilor

Councilor

Brody Sparkleeyes

DOYLE & COMPANY

CHARTERED ACCOUNTANTS

Allan J. Grykulik, C.A.*

Scout T. Mockford, C.A.*

* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr

Edmonton, Alberta T5H 0Y1

Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Whitefish Lake Band No. 128, which comprise the statement of financial position as at March 31, 2016 and the statements of financial activities, change in net financial assets, cash flows, tangible capital assets, financial activities by program and expenditures by object for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

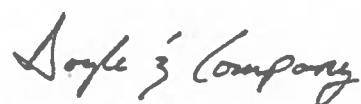
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Whitefish Lake Band No. 128 as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

July 28, 2016

Edmonton, Alberta



Chartered Accountants

Whitefish Lake Band No. 128
Consolidated Statement of Financial Position
As at March 31, 2016

| | 2016 \$ | 2015 \$ |
|---|--------------------|--------------------|
| FINANCIAL ASSETS | | |
| Restricted cash (Note 3) | 1,385,123 | 1,173,358 |
| Investments (Note 4) | 185,443 | 185,443 |
| Accounts receivable (Note 5) | 1,706,251 | 1,617,423 |
| Related party loans receivable (Note 6) | - | 156,629 |
| | 3,276,817 | 3,132,853 |
| LIABILITIES | | |
| Bank indebtedness (Note 7) | 990,436 | 784,431 |
| Line of credit (Note 8) | 1,235,000 | 1,300,000 |
| Accounts payable (Note 9) | 3,049,274 | 3,580,318 |
| Deferred revenue (Note 10) | 1,248,686 | 682,613 |
| Long-term liabilities (Note 11) | 2,575,854 | 1,209,272 |
| | 9,099,250 | 7,556,634 |
| NET FINANCIAL DEBT | (5,822,433) | (4,423,781) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 16,902,240 | 17,738,175 |
| Prepaid expenses | 150,481 | 154,176 |
| | 17,052,721 | 17,892,351 |
| ACCUMULATED SURPLUS (Schedule 1 and Note 15) | 11,230,288 | 13,468,570 |

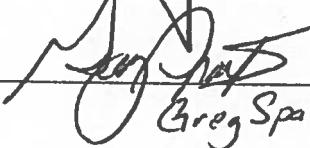
Approved by the Band:



Chief


Councilor




JAMES JACKSON
Councilor


Greg Sparklingeyes
Councilor

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128
Consolidated Statement of Financial Activities
For the year ended March 31, 2016

| | 2016 Budget \$ | 2016 Actual \$ | 2015 Actual \$ |
|--|----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous and Northern Affairs Canada | 6,193,742 | 10,501,457 | 9,604,216 |
| Trust Funds | | | |
| Revenue | | | 393,797 |
| First Nation Development Fund | 189,094 | 803,850 | 554,612 |
| Health Canada | 1,289,932 | 1,703,549 | 1,554,872 |
| Human Resources Development | 436,546 | 871,587 | 865,251 |
| Canada Housing and Mortgage Corporation | - | 10,000 | - |
| Other revenue | 1,324,617 | 3,025,869 | 3,317,611 |
| Transfers | (48,047) | - | - |
| Revenue deferred from previous period | | 682,613 | 436,593 |
| Revenue deferred to subsequent period | - | (1,248,686) | (682,613) |
| | 9,385,884 | 16,350,239 | 16,044,339 |
| EXPENDITURES | | | |
| Administration | 1,108,618 | 2,007,563 | 1,440,138 |
| Adult Care Program | 17,099 | 45,564 | 47,470 |
| Band Police | 58,681 | 47,324 | 72,257 |
| Bussing | 475,263 | 418,506 | 485,834 |
| Chief and Council | 482,899 | 440,126 | 530,406 |
| Daycare Centre | 389,580 | 454,221 | 368,265 |
| Economic Development | 165,258 | 169,488 | 297,192 |
| Education - Administration | 125,645 | 93,131 | 97,894 |
| Education - Post-Secondary | 719,818 | 735,916 | 876,906 |
| Education - School | 1,876,351 | 1,825,810 | 1,880,488 |
| Education - Operations and Maintenance | 298,285 | 682,569 | 820,648 |
| Employee Benefits | 193,764 | 196,820 | 234,734 |
| Enhanced delivery | 79,466 | 408,536 | 159,958 |
| Health Services | 1,265,281 | 1,455,477 | 1,616,944 |
| Housing | - | 531,454 | 456,498 |
| Housing - Canada Mortgage and Housing Corporation | - | 130,655 | 5,853 |
| Loan - Royal Bank | - | 101,093 | 64,583 |
| National Child Tax Benefit | 391,099 | 301,817 | 260,616 |
| Public Works | 2,276,667 | 2,392,550 | 2,974,470 |
| Recreation | 310,807 | 339,724 | 524,331 |
| Remediation | - | 268,000 | 94,218 |
| Royal Bank Agency | - | 142,497 | 122,548 |
| Social Services | 1,960,551 | 2,089,916 | 1,875,549 |
| Social Services - Delivery | 256,215 | 288,993 | 332,430 |
| Special Projects | 219,096 | 49,119 | 49,251 |
| Summer Student Employment | - | 119,666 | 87,564 |
| Tribal Chiefs Employment and Training | 259,818 | 322,812 | 299,852 |
| Youth Skills Initiative | - | 263,500 | 285,191 |
| Youth Work Experience | - | 72,536 | 110,623 |
| | 12,930,261 | 16,395,383 | 16,472,711 |
| Excess of Revenue Over Expenditures Before Other Revenue (Expenditures) | (3,544,377) | (45,144) | (428,372) |
| Other Revenue (Expenditures) | | | |
| Amortization | - | (1,563,047) | (1,619,738) |
| EXCESS OF REVENUE OVER EXPENDITURES | - | (1,608,186) | (2,048,110) |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2016

| | 2016 \$ | 2015 \$ |
|--|--------------------|--------------------|
| EXCESS OF REVENUE OVER EXPENDITURES | (1,002,624) | (1,416,983) |
| Acquisition of tangible capital assets | (727,112) | (269,116) |
| Amortization of tangible capital assets | 1,563,047 | 1,619,738 |
| Trust funds used for operations | (393,797) | (499,000) |
| Enterprise equity transfer to operating | (841,861) | - |
| | (399,723) | 851,622 |
| Acquisition of prepaid assets | (150,481) | (154,176) |
| Use of prepaid assets | 154,176 | 148,462 |
| | 3,695 | (5,714) |
| INCREASE IN NET DEBT | (1,398,652) | (571,075) |
| NET FINANCIAL DEBT, BEGINNING OF YEAR | (4,423,781) | (3,852,706) |
| NET FINANCIAL DEBT, END OF YEAR | (5,822,433) | (4,423,781) |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

| | 2016 \$ | 2015 \$ |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from funding agencies and other income | 16,261,411 | 16,584,023 |
| Cash paid to suppliers and employees | (17,041,886) | (15,629,407) |
| | (780,475) | 954,616 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long-term liabilities | (308,418) | (180,433) |
| Long-term liabilities obtained | 1,675,000 | - |
| | 1,366,582 | (180,433) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of capital assets | (727,112) | (269,116) |
| Decrease in investments | - | 4,865 |
| | (727,112) | (264,251) |
| DECREASE IN BANK INDEBTEDNESS | (141,005) | 509,932 |
| BANK INDEBTEDNESS, BEGINNING OF YEAR | (2,084,431) | (2,594,363) |
| BANK INDEBTEDNESS, END OF YEAR | (2,225,436) | (2,084,431) |
| Bank indebtedness consists of the following: | | |
| Bank indebtedness | (990,436) | (784,431) |
| Line of credit | (1,235,000) | (1,300,000) |
| | (2,225,436) | (2,084,431) |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128

Schedule of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2016

| | Unrestricted Surplus | Equity in Tangible Capital Assets | Equity in Enterprise Fund | Equity in Trust Funds | 2016 | 2015 |
|--|----------------------|-----------------------------------|---------------------------|-----------------------|-------------------|-------------------|
| Balance, Beginning of Year | (4,290,319) | 16,528,903 | 156,628 | 1,173,358 | 13,468,570 | 15,384,553 |
| Excess of revenue over expenditures | (1,608,186) | - | - | 605,562 | (1,002,624) | (1,416,983) |
| Restricted funds used for operations | - | - | (156,628) | (393,797) | (393,797) | (499,000) |
| Current years funds used for equity in enterprise | (685,233) | - | - | - | (841,861) | - |
| Current years funds used for tangible capital assets | (727,112) | 727,112 | - | - | - | - |
| Annual amortization expense | 1,563,047 | (1,563,047) | - | - | - | - |
| Long-term liabilities obtained | 1,573,928 | (1,573,928) | - | - | - | - |
| Long-term liabilities repaid | (207,346) | 207,346 | - | - | - | - |
| Change in accumulated surplus | (90,902) | (2,202,517) | (156,628) | 211,765 | (2,238,282) | (1,915,983) |
| Balance, End of Year | (4,481,221) | 14,326,386 | - | 1,385,123 | 11,230,288 | 13,468,570 |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128

Consolidated Statement of Tangible Capital Assets - Schedule 2

For the year ended March 31, 2016

| | Automotive and Equip. \$ | Buildings & Housing \$ | Furniture and Equip. \$ | Engineered Structures \$ | 2016 \$ | 2015 \$ |
|--|--------------------------------|------------------------------|-------------------------------|--------------------------------|-------------------|-------------------|
| COST: | | | | | | |
| Balance, Beginning of Year | 7,664,474 | 27,915,333 | 143,025 | 11,782,265 | 47,505,097 | 47,235,981 |
| Acquisition of tangible capital assets | 727,112 | - | - | - | 727,112 | 269,116 |
| Balance, End of Year | 8,391,586 | 27,915,333 | 143,025 | 11,782,265 | 48,232,209 | 47,505,097 |
| ACCUMULATED AMORTIZATION: | | | | | | |
| Balance, Beginning of Year | 6,784,531 | 20,962,386 | 105,135 | 1,914,870 | 29,766,922 | 28,147,184 |
| Annual amortization | 364,057 | 698,042 | 7,578 | 493,370 | 1,563,047 | 1,619,738 |
| Balance, End of Year | 7,148,588 | 21,660,428 | 112,713 | 2,408,240 | 31,329,969 | 29,766,922 |
| NET BOOK VALUE | 1,242,998 | 6,254,905 | 30,312 | 9,374,025 | 16,902,240 | 17,738,175 |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128

Consolidated Statement of Financial Activities by Program - Schedule 3 For the year ended March 31, 2016

| | INAC Revenue \$ | Trust Funds \$ | Other Revenue \$ | Total Revenue \$ | 2016 | | 2015 Surplus (Deficit) \$ |
|--|-----------------------|----------------------|------------------------|------------------------|--------------------|-----------------------------|------------------------------------|
| | | | | | Expenditures \$ | Total Expenditures \$ | |
| Administration | 643,429 | - | 1,845,202 | 2,488,631 | 2,007,563 | 481,068 | 637,865 |
| Adult Care Program | 45,564 | - | - | 45,564 | 45,564 | - | (1,906) |
| Band Police | - | - | - | - | 47,324 | (47,324) | (35,550) |
| Chief and Council | - | - | 320,798 | 320,798 | 440,126 | (119,328) | (330,406) |
| Daycare Centre | 81,000 | - | 343,279 | 424,279 | 454,221 | (29,942) | (58,550) |
| Economic Development | 288,816 | - | - | 288,816 | 169,488 | 119,328 | 113,066 |
| Education - Administration | 62,000 | - | - | 62,000 | 93,131 | (31,131) | (67,254) |
| Education - Bussing | 418,506 | - | - | 418,506 | 418,506 | - | 204,701 |
| Education - Post Secondary | 921,677 | - | - | 922,317 | 735,916 | 186,401 | 44,771 |
| Education - School | 1,555,052 | - | 86,673 | 1,641,725 | 1,825,810 | (184,085) | (136,044) |
| Education - Operations and Maintenance | 730,478 | - | - | 730,478 | 682,569 | 47,909 | (23,908) |
| Employee Benefits | 196,820 | - | - | 196,820 | 196,820 | - | (38,473) |
| Enhanced Delivery | - | - | 408,536 | 408,536 | 408,536 | - | - |
| Health Services | - | - | 1,534,765 | 1,534,765 | 1,455,477 | 79,288 | (20,014) |
| Housing | 467,110 | - | (85,000) | 382,130 | 531,454 | (149,324) | (51,398) |
| Housing - CMHC | - | - | 130,655 | 130,655 | 130,655 | - | - |
| Loan - Royal Bank | - | - | - | - | 101,093 | (101,093) | 329,214 |
| National Child Tax Benefit | 421,099 | - | - | - | 301,817 | 119,282 | 130,483 |
| 1,958,955 | - | - | 318,427 | 2,277,382 | 2,392,550 | (115,168) | (754,892) |
| Public Works | - | - | 274,885 | 274,885 | 339,724 | (64,839) | - |
| Recreation | 268,000 | - | - | 268,000 | 268,000 | - | - |
| Remediation | - | - | - | - | 142,497 | (142,497) | (107,368) |
| Royal Bank Agency | - | - | - | - | 2,089,916 | (93,660) | (316,478) |
| Social Services | 1,995,647 | - | 609 | 1,996,256 | 288,993 | 69,768 | 13,781 |
| 358,761 | - | - | - | 358,761 | - | - | - |
| Special Projects | - | - | - | - | - | - | - |
| Summer Student Employment | 29,832 | - | - | 29,832 | 49,119 | (49,119) | (1) |
| Tribal Chiefs Employment and Training | - | - | 405,813 | 405,813 | 322,812 | (89,834) | (58,600) |
| Youth Skills Initiative | - | - | 263,500 | 263,500 | 263,500 | 83,001 | 160,811 |
| Youth Work Experience | 58,691 | - | - | 58,691 | 72,516 | (13,845) | (45,886) |
| | 10,501,457 | - | 5,848,782 | 16,350,239 | 16,395,383 | (45,144) | (428,372) |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128
Consolidated Statement of Expenditures by Object - Schedule 4
For the year ended March 31, 2016

| | 2016 \$ | 2015 \$ |
|--|-------------------|-------------------|
| EXPENDITURES | | |
| Advertising | 3,931 | 210 |
| Bad debt expense | 95,539 | - |
| Building maintenance and utilities | 339,530 | 400,266 |
| Equipment | 219,315 | 369,370 |
| Insurance | 254,406 | 229,321 |
| Interest, bank charges and loan payments | 187,935 | 214,702 |
| Materials and supplies | 511,301 | 443,142 |
| Repairs and maintenance | 145,045 | 678,287 |
| Professional fees | 1,046,302 | 1,316,058 |
| Program costs | 5,124,544 | 4,215,476 |
| Training | 1,116,961 | 1,083,070 |
| Travel | 563,788 | 622,812 |
| Vehicle | 726,607 | 763,655 |
| Wages and employee benefits | 6,060,179 | 6,136,342 |
| TOTAL EXPENDITURES | 16,395,383 | 16,472.711 |

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2016

NATURE OF OPERATIONS

Whitefish Lake Band No. 128 provides local government, education and social development services to its members and was established under the Indian Act (Canada)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Audit Boards ("PSAB"), which encompasses the following principles:

(a) Fund Accounting

The Whitefish Lake Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Whitefish Lake Band maintains the following funds:

- The Operating Fund which reports the general activities of the Band Administration.
- The Tangible Capital Assets Fund which reports the capital assets of the Band, together with their related financing.
- The Trust Fund which reports the trust funds owned by the Band and held by third parties.

(b) Investments

Investments are recorded at fair market value.

(c) Revenue Recognition

Government transfers and grant revenue are recognized as the First Nations becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(d) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

| | |
|---------------------------------------|-----|
| Buildings | 10% |
| Furniture and equipment | 20% |
| Automotive and construction equipment | 30% |

(e) Trust Funds

The Ottawa Trust Accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds.

(f) Financial Instruments

The Band's financial instruments consist of investments, accounts receivable, bank indebtedness, line of credit, accounts payable and long-term liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit Risk

The Band is exposed to credit risk to the extent of non-collection of accounts receivable and loans to Band members. Management is of the opinion that the risk of non-collection of accounts receivable is low since the majority of accounts receivable are from the Government of Canada.

Market Risk

The Band is exposed to risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(f) Financial Instruments

Currency Risk

The Band is exposed to risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

Interest Rate Risk

The Band is exposed to risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

(g) Measurement Uncertainty

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(h) Landfill Closure and Post-Closure Liability

The Alberta Environmental Protection and Enhancement Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is being provided for over the estimated remaining life of the landfill site based on usage.

The liability at March 31, 2016 is \$160,000 (2015 - \$140,000) and represents the present value of closure and post-closure costs. Closure will involve covering the site with topsoil and vegetation, and installing groundwater monitoring wells. Post-closure care activities are expected to occur for 25 years and will involve surface and ground water monitoring, and landfill cover maintenance. Whitefish Lake Band has started to designate assets for settling closure and post-closure care liabilities.

2. ECONOMIC DEPENDENCE

The Whitefish Lake Band receives a major portion of its revenues pursuant to a funding arrangement with Indian and Northern Affairs Canada.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2016

3. RESTRICTED CASH

| | 2016 \$ | 2015 \$ |
|--------------|------------|------------|
| Trust Funds | | |
| Band Capital | 1,004,436 | 585,238 |
| Band Revenue | 380,687 | 588,120 |
| | <hr/> | <hr/> |
| | 1,385,123 | 1,173,358 |

4. INVESTMENTS

Investments include an account with RBC Dominion Securities, containing fixed income, preferred shares and managed assets.

5. ACCOUNTS RECEIVABLE

| | 2016 \$ | 2015 \$ |
|--|------------|------------|
| Indigenous and Northern Affairs Canada | 811,151 | 635,704 |
| Band Funds - Capital | - | 393,798 |
| Health Canada | 9,253 | - |
| First Nation Development Fund | 203,635 | 403,086 |
| Goods and Services Tax | 13,492 | 132,625 |
| Tribal Chief Ventures | 244,783 | - |
| Other | 423,937 | 52,210 |
| | <hr/> | <hr/> |
| | 1,706,251 | 1,617,423 |

6. RELATED PARTY LOANS RECEIVABLE (PAYABLE)

| | 2016 \$ | 2015 \$ |
|--|------------|-------------|
| Goodfish Lake Pasture Land Development Association | - | (134,411) |
| Goodfish Wildlife Ranches Ltd. | - | 719,521 |
| Goodfish Management Limited Partnership | - | (1,289,543) |
| Goodfish Lake Gas Utility Corporation | - | 751,514 |
| Goodfish Lake Development Corporation Ltd. | - | 109,548 |
| | <hr/> | <hr/> |
| | - | 156,629 |

Advances to (from) related entities are non-interest bearing and have no fixed terms of repayment.

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7. BANK INDEBTEDNESS

Bank indebtedness represents a bank overdraft agreement with the Royal Bank of Canada. The agreement does not have a specified overdraft limit but is charged interest at Prime plus 5%.

8. LINE OF CREDIT

The Band has a revolving line of credit with the Royal Bank authorized to a maximum of \$1,300,000 due on demand, bears interest at Prime plus 1% and is secured by a general security agreement. There is a \$1,035,000 (2015 - \$1,100,000) balance outstanding on this line of credit.

The Band has a second revolving line of credit with the Royal Bank authorized to a maximum of \$250,000, due on demand, bears interest at Prime and is secured by a general security agreement. There is a \$200,000 (2015 - \$200,000), balance outstanding on this line of credit.

9. ACCOUNTS PAYABLE

| | 2016 | 2015 |
|--|------------------------|------------------------|
| | \$ | \$ |
| Trade payables | 1,850,547 | 2,145,721 |
| Due to related entities | 853,397 | 1,289,543 |
| Landfill closure costs | 160,000 | 140,000 |
| <u>Wages, salaries and source deductions</u> | <u>185,330</u> | <u>5,054</u> |
| | <hr/> 3,049,274 | <hr/> 3,580,318 |

Advances from related entities are non-interest bearing and have no fixed terms of repayment.

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10. DEFERRED REVENUE

| | 2016 \$ | 2015 \$ |
|---|------------------|----------------|
| Indigenous and Northern Affairs Canada | | |
| Capital project - AAO08 | 85,000 | - |
| Health Canada | 177,836 | - |
| First Nation Development Fund | 593,961 | - |
| ASSETS | | |
| Tribal Chiefs Employment and Training | 21,100 | - |
| Canada Mortgage and Housing Corporation | - | 120,655 |
| Grant revenue | | |
| Enhanced Delivery | 79,175 | 253,958 |
| Youth Skills Initiative | 141,614 | 158,000 |
| Hall Upgrade | 150,000 | 150,000 |
| | 1,248,686 | 682,613 |

11. LONG-TERM LIABILITIES

| | 2016 \$ | 2015 \$ |
|---|------------------|------------------|
| The loan payable to the Royal Bank is repayable in monthly instalments of \$20,418 including interest charged at 4.95% and is secured by a general security agreement. | 1,020,042 | 1,209,272 |
| The loan payable to the Royal Bank is repayable in monthly instalments of \$25,249 including interest charged at 5.0% and is secured by a general security agreement. | 1,198,928 | - |
| The loan payable to the Royal Bank is repayable in monthly instalments of \$6,890 including interest charged at 4.03% and is secured by equipment with a net book value of \$318,750. | 356,884 | - |
| | 2,575,854 | 1,209,272 |

Interest paid on long-term liabilities was \$101,093 (2015 - \$64,582)

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11. LONG-TERM LIABILITIES - continued

Future minimum principal repayments required to meet existing obligations are as follows:

| | \$ |
|-------------------|------------------|
| 2017 | 517,261 |
| 2018 | 542,919 |
| 2019 | 569,854 |
| 2020 | 598,131 |
| <u>Thereafter</u> | <u>347,689</u> |
| | <u>2,575,854</u> |

12. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2016 | 2015 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Tangible capital assets (Schedule 2) | 48,232,209 | 47,505,097 |
| Accumulated amortization (Schedule 2) | (31,329,969) | (29,766,922) |
| <u>Long-term liabilities (Note 11)</u> | <u>(2,575,854)</u> | <u>(1,209,272)</u> |
| | <u>14,326,386</u> | <u>16,528.903</u> |

13. EQUITY IN ENTERPRISE FUND

| | 2016 | 2015 |
|---|------------------|----------------|
| | \$ | \$ |
| Balance, beginning of year | 156,628 | 655,877 |
| Advances to (from) related entities | - | (499,249) |
| <u>Transfer to unrestricted surplus</u> | <u>(156,628)</u> | <u>-</u> |
| <u>Balance, end of year</u> | <u>-</u> | <u>156,628</u> |

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14. EQUITY IN TRUST FUND

| | Capital \$ | Revenue \$ | Total \$ |
|----------------------------|--------------------------------|-----------------------------------|------------------|
| Balance, beginning of year | 585,237 | 588,121 | 1,173,358 |
| Royalties | 419,199 | 138,994 | 558,193 |
| Rent | - | 22,881 | 22,881 |
| Other | - | 24,483 | 24,483 |
| | 1,004,436 | 774,484 | 1,778,920 |
| BCR NUMBER | DATES FUND RELEASED | PURPOSE OF EXPENDITURE | |
| 15-00001-0001 | 2015/12/15 | RBC loan | - |
| | | | 393,797 |
| Balance, end of year | 1,004,436 | 380,687 | 1,385,123 |

15. ACCUMULATED SURPLUS

| | 2016 \$ | 2015 \$ |
|-----------------------------------|-------------------|-------------------|
| Unrestricted surplus | (4,481,221) | (4,390,319) |
| Equity in tangible capital assets | 14,326,386 | 16,528,903 |
| Equity in enterprise fund | - | 156,628 |
| Equity in trust funds | 1,385,123 | 1,173,358 |
| | 11,230,288 | 13,468,570 |