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SADDLE LAKE CREE NATION
Consolidated Financial Statements
Year Ended March 31, 2018

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INDIGENOUS SERVICES
CANADA
AB Region - IM EDM OFFICE

SADDLE LAKE CREE NATION
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Year Ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

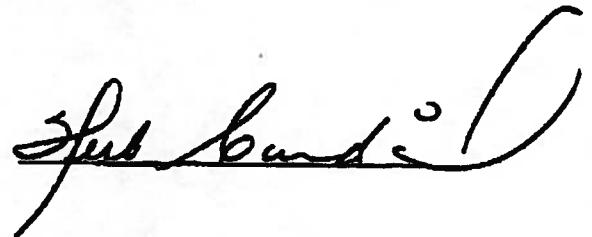
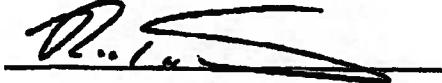
The consolidated financial statements of Saddle Lake Cree Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Saddle Lake Cree Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

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 consolidated financial statements have been audited on behalf of the members by Kingston Ross Paenak LLP, in accordance with Canadian public sector accounting standards.



Saddle Lake, AB
July 27, 2018



KINGSTON
ROSS
PASNACK

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INDEPENDENT AUDITOR'S REPORT

July 27, 2018
Edmonton, Alberta

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, 2018 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 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, 2018. 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, 2018 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.

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

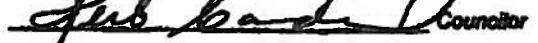
Qualified Opinion

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, 2018 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, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 17,121,551	\$ 13,259,075
Accounts receivable (Note 3)	2,722,027	2,501,560
Restricted short term investments (Note 4)	272,324	1,272,324
Investment in government business enterprises (Note 5)	1,221,928	1,077,394
Long term investments (Note 6)	6,825,662	7,240,305
Restricted capital trust funds (Note 8)	867,505	1,371,540
Restricted revenue trust funds (Note 8)	736,424	685,010
	29,767,409	27,407,208
LIABILITIES		
Accounts payable and accrued liabilities	2,640,779	2,093,748
Deferred revenue (Note 9)	12,103,204	11,170,502
Long term debt (Note 10)	1,188,282	1,039,049
Obligations under capital lease (Note 11)	198,446	278,841
	16,128,711	14,582,140
CONTINGENCIES (Note 14)		
NET FINANCIAL ASSETS	13,640,698	12,825,068
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	28,218,094	22,099,923
Deposits and prepaid expenses	733,345	785,985
	28,951,439	22,885,888
ACCUMULATED SURPLUS (Note 13)	\$ 42,692,139	\$ 35,710,956
ON BEHALF OF THE NATION		
	Chief	
	Councillor	
	Councillor	
	Councillor	
	Councillor	
	Councillor	
	Councillor	
	Councillor	
	Councillor	
	Councillor	
	Councillor	

SADDLE LAKE CREE NATION
Consolidated Statement of Revenues and Expenditures
For the Year Ended March 31, 2018

	Budget 2018 (unaudited)	2018	2017
REVENUE			
Indigenous Service Canada (ISC)	\$ 26,987,721	\$ 43,112,677	\$ 48,395,472
First Nations and Inuit Health Branch (FNIBH)	9,684,319	9,534,536	7,485,589
Other revenue	945,383	5,715,184	4,132,641
Province of Alberta	1,963,000	3,167,556	2,765,268
Aboriginal Human Resource Development (AHRD)	1,597,042	1,884,978	1,901,233
First Nations Development Fund (FNDF)	128,500	1,366,881	1,393,916
Child Tax Benefit	108,639	442,368	562,112
Capital trust funds	50,000	650,000	1,236,194
Revenue trust funds	354,500	354,500	637,000
Canada Mortgage and Housing Corporation (CMHC)	-	300,797	264,776
Contributions carried forward from prior year	11,170,502	11,170,502	3,223,911
Contributions carried forward to next year	2,058,375	(12,103,204)	(11,170,502)
(Lapsed) recovered funding	-	-	(14,483)
	55,045,981	65,598,775	60,793,127
EXPENSES			
Child Welfare	11,651,952	13,272,840	13,323,318
Education	9,050,462	8,579,328	8,207,618
Public Works	5,238,047	8,351,942	10,736,627
Social Assistance	8,878,039	7,822,449	7,428,694
Tribal Administration	4,699,622	7,329,583	6,449,827
Health Services	10,633,460	6,076,189	5,697,046
Post Secondary Education	3,373,864	3,369,736	3,614,585
Social Services	2,057,804	1,639,035	1,561,913
Human Resources Development	1,597,042	1,558,763	1,752,298
Other Health	-	174,963	149,522
	57,180,292	58,174,828	58,921,446
SURPLUS FROM OPERATIONS	(2,134,311)	7,421,947	1,871,681
OTHER INCOME (EXPENSES)			
Income (loss) from Government Business Enterprises (Note 5)	-	108,719	(58,601)
Loss from long term investments	-	(196,982)	(549,980)
	-	(88,143)	(608,581)
SURPLUS OF REVENUES OVER EXPENSES	(2,134,311)	7,333,804	1,263,100
ACCUMULATED SURPLUS - BEGINNING OF YEAR	35,710,955	35,710,955	35,465,579
Net change in trust funds	-	(452,620)	(1,017,723)
ACCUMULATED SURPLUS - END OF YEAR	\$ 33,576,644	\$ 42,592,139	\$ 35,710,956

SADDLE LAKE CREE NATION**Consolidated Statement of Changes in Net Financial Assets****Year Ended March 31, 2018**

	Budget 2018	2018	2017
<u>SURPLUS OF REVENUES OVER EXPENSES</u>	\$ (2,134,311)	\$ 7,333,804	\$ 1,263,100
Acquisition of tangible capital assets	-	(7,909,367)	(3,188,071)
Disposal of tangible capital assets	-	10,408	-
Amortization of tangible capital assets	-	1,780,785	1,744,406
Increase in deposits and prepaid expenses	-	52,620	(88,392)
<u>Net change in trust funds</u>	-	(452,620)	(1,017,723)
		(6,518,174)	(2,549,780)
<u>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</u>	(2,134,311)	815,630	(1,286,680)
<u>Net financial assets - beginning of year</u>	12,825,068	12,825,068	14,111,748
<u>NET FINANCIAL ASSETS - END OF YEAR</u>	\$ 10,690,757	\$ 13,640,698	\$ 12,825,068

SADDLE LAKE CREE NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Surplus of revenues over expenses	\$ 7,333,804	\$ 1,263,100
Items not affecting cash:		
Amortization of tangible capital assets	1,780,785	1,744,406
Advances and income from government business enterprises	(144,532)	(68,038)
Advances and income from long-term investments	414,653	781,173
Loss on disposal of tangible capital assets	(1,589)	-
	9,383,121	3,720,641
Changes in non-cash working capital:		
Accounts receivable	(220,468)	(584,037)
Accounts payable and accrued liabilities	547,031	131,190
Deferred revenue and deferred trust funds	932,702	7,946,591
Deposits and prepaid expenses	52,820	(88,393)
	1,311,885	7,405,351
Cash flow from operating activities	10,695,006	11,125,992
INVESTING ACTIVITY		
Maturity (purchase) of short term investments	1,000,000	(1,002,161)
Cash flow from (used by) investing activity	1,000,000	(1,002,161)
FINANCING ACTIVITIES		
Proceeds from long term financing	363,219	220,719
Repayment of long term debt	(215,987)	(476,194)
Repayment of obligations under capital lease	(82,395)	(81,338)
Cash flow from (used by) financing activities	64,837	(336,813)
CAPITAL ACTIVITIES		
Acquisitions of tangible capital assets	(7,809,367)	(3,188,071)
Disposals of tangible capital assets	12,000	-
	(7,897,367)	(3,188,071)
INCREASE IN CASH FLOW	3,862,476	6,598,947
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	13,259,075	6,660,128
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,121,551	\$ 13,259,075

SADDLE LAKE CREE NATION**Consolidated Schedule of Total Expenses by Object****(Schedule 1)****Year Ended March 31, 2018**

	Budget (unaudited)	2018	2018	2017
	2018			
Wages and benefits	\$ 15,307,350	\$ 17,506,383	\$ 17,269,890	
Child welfare maintenance	7,841,808	9,697,044	9,155,989	
Direct social assistance	7,853,729	6,270,935	6,284,727	
Travel, meetings, workshops	6,224,544	5,070,029	3,719,616	
Contracted and program services	4,209,559	4,727,802	5,814,655	
Post secondary allowances and tuition	2,851,570	3,213,091	3,242,744	
Repairs and maintenance	4,416,559	3,129,791	3,388,691	
Materials, goods and utilities	6,411,612	2,616,810	3,996,030	
Office and general	1,303,404	2,491,189	2,791,156	
Amortization	-	1,780,785	1,744,406	
Donations, sponsorships and honorariums	197,800	881,714	915,122	
Professional fees	524,400	683,516	492,971	
Interest and bank charges	37,957	105,939	95,449	
	\$ 57,180,292	\$ 58,174,828	\$ 58,921,446	

SADDLE LAKE CREE NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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, 2018 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"), when allocated, 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
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

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 and the change in trust funds 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

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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 \$678,307 (2017 - \$803,405) 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

All financial instruments are initially measured at fair value, and, unless otherwise noted, the organization subsequently measures its financial instruments at amortized cost.

3. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable include amounts due from the following:		
Other receivables	\$ 1,056,845	\$ 870,185
Province of Alberta	727,575	888,928
Indigenous Service Canada (ISC)	444,598	206,912
First Nations Development Fund	323,746	324,531
First Nations & Inuit Health Branch	150,033	113,983
Canada Revenue Agency	19,430	97,041
	\$ 2,722,027	\$ 2,501,560

The balance due from Indigenous Services Canada includes \$3,875 (fiscal 2018 Tribal Administration Indian Registry – set contribution), \$273,866 (fiscal 2018 Public Works A&C Water Systems – fixed contribution), \$7,500 (fiscal 2018 Child Welfare Operations – fixed contribution), \$28,919 (fiscal 2018 Public Works Environmental Site Assessment – fixed contribution), \$7,096 (fiscal 2017 Basic Needs Learners – set contribution), and \$123,342 (fiscal 2016 Fire Response set contribution).

4. RESTRICTED SHORT TERM INVESTMENTS

Included in restricted short term investments are \$272,324 of Guaranteed Investment Certificates which bear interest at 1.45% and mature on September 21, 2018. 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 under funded at year end as reflected in Note 14.

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

	2018	2017
Balance beginning of year	\$ 1,077,394	\$ 1,009,356
Share of income (loss)	108,719	(58,601)
Net advances to government business enterprises	35,813	128,639
	\$ 1,221,926	\$ 1,077,394

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, 2017
Saddle Lake Building Supplies Ltd.	100%	December 31, 2017
1786228 Alberta Ltd.	100%	March 31, 2018

Unaudited aggregate balance sheet information:

Assets		
Current assets	\$ 1,795,181	\$ 1,631,410
Capital assets	112,719	145,975
	\$ 1,907,900	\$ 1,777,385
Liabilities		
Current liabilities	\$ 346,892	\$ 478,004
Other liabilities	1,355,301	1,290,300
Equity	205,707	11,081
	\$ 1,907,900	\$ 1,777,385

Unaudited aggregate income statement information:

Revenue	\$ 8,369,760	\$ 8,527,084
Expenses	(8,261,031)	(8,585,665)
Net income (loss)	\$ 108,719	\$ (58,601)

6. LONG TERM INVESTMENTS

	2018	2017
Seven Lakes Oilfield Services LP	\$ 1,857,174	\$ 1,823,470
Pimee Well Servicing Ltd.	1,807,701	1,721,462
Pimee Well Servicing LP	1,739,859	1,644,504
SL Smoke Eaters LP	692,517	1,030,989
Keyano Pimee Exploration Company Ltd.	685,083	741,875
United Farmers of Alberta Equity	47,874	47,874
TD Canada Trust guaranteed investment certificate	15,444	15,444
Peyasew Oilfield Services LP	-	214,687
	\$ 6,825,652	\$ 7,240,305

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

7. RELATED PARTY TRANSACTIONS

During the year, Saddle Lake Cree Nation entered into transactions with its owned entities and long term investments. 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 Service Canada (ISC). 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 Indigenous Service Canada. The uncommitted balance at the end of the year is shown in the accumulated surplus (Note 13) as equity in trust funds.

	2018	2017
Capital trust fund		
Beginning of year	\$ 1,371,540	\$ 2,252,153
Income from royalties	145,965	355,581
Transfer to Nation programs	<u>(650,000)</u>	<u>(1,236,194)</u>
	867,505	1,371,540
Revenue trust fund		
Beginning of year	685,010	822,121
Income from royalties and interest	405,914	499,889
Transfer to Nation programs	<u>(354,500)</u>	<u>(637,000)</u>
	736,424	685,010
Total trust funds	\$ 1,603,929	\$ 2,056,550

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

9. DEFERRED REVENUE

Deferred revenue represents funding received during the year that has not been expended as at March 31, 2018.

	Opening balance	Contributions received	Revenue recognized	Ending balance
Indigenous Services Canada (ISC)	\$ 8,232,403	\$ 19,790,052	\$ (24,564,380)	\$ 3,458,075
First Nations and Inuit Health Branch (FNIHB)	2,288,775	5,290,833	(2,227,185)	5,352,423
Other	51,000	2,950,621	(136,177)	2,865,444
First Nations Development Fund (FNDF)	250,000	280,825	(280,825)	250,000
Six Independent Alberta First Nations (SIAFN)	348,324	435,879	(806,941)	177,262
	\$ 11,170,502	\$ 28,748,210	\$ (27,815,508)	\$ 12,103,204

Included in the ISC deferred revenue is \$32,857 for Child Welfare – Foster Homes Maintenance, \$465,402 for Child Welfare – Prevention Least Disruptive Measures, \$182,323 for Post Secondary Education, \$306,964 for Education – Planning Design and Construction, \$320,000 for Education – Design and Construction, \$198,375 for Social Assistance – Income Assistance, \$2,000 for Social Assistance – Special Needs, \$230,500 for Social Services – Income Assistance, \$48,919 for Public Works – Environment Site Assessment CSMWG, \$332,522 for Public Works – Local Roads & Bridges, \$100,000 for Public Works – Wastewater O&M, \$10,911 for Tribal Administration – First Nation and Inuit Summer work experience, \$65,000 for Tribal Administration – Membership Governance Capacity Development, \$21,448 for Tribal Administration – Registries & Membership, \$410,804 for Tribal Administration – Income Assistance, \$729,950 for Tribal Administration – ISC Backpay funding.

Included in the FNIHB deferred revenue is \$49,708 for Service Delivery, \$8,280 for HIV/AIDS Prevention, \$484,738 for Jordan's Principle, \$72,365 for Community Facilities O&M, and \$4,737,352 for Capital Investments to be used for the construction of the Saddle Lake Health Care Centre expansion.

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

10. LONG TERM DEBT

	2018	2017
BMO bank loans bearing interest at 3.90% per annum, repayable in monthly blended payments of \$4,360. The loan matures on October 6, 2022 and is secured by equipment with a carrying value of \$187,611.	\$ 201,904	\$ -
Project #003 mortgage repayable to Canada Housing and Mortgage Corporation bearing interest at 1.31% per annum, repayable in monthly blended payments of \$1,911. The mortgage renews on December 1, 2021 and matures on October 1, 2026 and is secured by a ministerial guarantee.	186,100	206,456
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.	186,095	211,386
Project #002 mortgage repayable to Canada Housing and Mortgage Corporation bearing interest at 1.14% per annum, repayable in monthly blended payments of \$1,775. The mortgage renews on June 1, 2021 and matures on May 1, 2026 and is secured by a ministerial guarantee.	186,067	185,363
BMO bank loan bearing interest at 6.90% per annum, repayable in monthly blended payments of \$4,360. The loan matures on October 24, 2021 and is secured by equipment with a carrying value of \$131,328.	165,884	205,085
Indigenous Services Canada Native Claim loan to assist the Nation in meeting obligations associated with research, development and negotiation of its claim relating to 1925 Surrender claim. The loan bears no interest and is to be repaid on or before March 31, 2022 (Note 15).	142,500	-
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 \$58,697.	61,823	80,192
GE Capital Finance loans bearing interest at various rates ranging from 7.525% to 8.450% per annum, repayable in monthly blended payments ranging from \$1,643 to \$1,748. The loans mature between September 6, 2018 and December 3, 2019 and are secured by automotive equipment with a carrying value of \$63,858.	53,120	118,137
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 \$28,491.	22,989	32,430
	\$ 1,186,282	\$ 1,039,049

(continues)

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

10. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2019	\$ 216,206
2020	196,701
2021	184,217
2022	289,417
2023	95,637
Thereafter	<u>204,104</u>
	<u><u>\$ 1,186,282</u></u>

Interest paid on long-term debt amounted to \$42,421 (2017 - \$38,091) during the year.

As at March 31, 2018, 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 3.45% at year end). As at March 31, 2018 the loan was not drawn upon.

11. OBLIGATIONS UNDER CAPITAL LEASE

	2018	2017
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 \$285,277.	<u><u>\$ 196,446</u></u>	<u><u>\$ 278,841</u></u>

Future minimum capital lease payments are approximately:

2019	\$ 85,512
2020	85,512
2021	<u>28,504</u>
Total minimum lease payments	199,528
Less: amount representing interest at various rates	<u>(3,082)</u>
	<u><u>\$ 196,446</u></u>

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

12. TANGIBLE CAPITAL ASSETS

COST	2017	Acquisitions	Disposals	2018
Land	\$ 647,730	\$ -	\$ -	\$ 647,730
Buildings	9,869,284	6,855,313	-	16,524,597
Engineering structures	15,716,525	-	-	15,716,525
Automotive	8,366,816	1,011,006	35,709	9,342,113
Equipment	1,574,804	-	-	1,574,804
Computer equipment	689,882	43,048	-	732,930
	\$ 36,665,041	\$ 7,909,367	\$ 35,709	\$ 44,538,699

ACCUMULATED AMORTIZATION	2017	Amortization	Disposals	2018
		expense		
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,186,229	244,913	-	2,431,142
Engineering structures	4,484,709	643,389	-	5,128,098
Automotive	6,396,861	713,789	25,298	7,085,352
Equipment	881,124	144,633	-	1,025,757
Computer equipment	616,195	34,061	-	650,256
	\$ 14,565,118	\$ 1,780,785	\$ 25,298	\$ 16,320,605

NET BOOK VALUE	2017	2018
Land	\$ 647,730	\$ 647,730
Buildings	7,483,055	14,023,455
Engineering structures	11,231,816	10,588,427
Automotive	1,969,955	2,258,761
Equipment	693,680	549,047
Computer equipment	73,687	82,074
	\$ 22,099,923	\$ 28,218,084

Included above are Automotives held under capital lease (Note 11) with a cost of \$520,436, accumulated amortization of \$235,159 and a net book value of \$285,277.

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

13. ACCUMULATED SURPLUS

	2018	2017
Unrestricted surplus	\$ 7,044,004	\$ 5,310,051
Equity in trust funds (Note 8)	1,803,929	2,058,550
Equity in tangible capital assets	24,916,308	18,707,876
Equity in investments	9,027,898	9,636,479
	<hr/> \$ 42,592,139	<hr/> \$ 35,710,956

14. CONTINGENCIES

As at March 31, 2018, Saddle Lake Cree Nation has unfunded CMHC replacement reserves in the amount of \$121,229 (2017 - \$76,513).

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.

As disclosed in Note 19, The Nation has provided a guarantee to Bison Auto Shop Ltd. in the amount of \$2,540,000 for a term loan, subsequent to year-end. 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 is named as a defendant in ongoing legal proceedings with two members of the Nation and the Canadian Human Rights Commission. The outcome and estimate of loss, if any, are not determinable as at the report date.

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

15. NATIVE CLAIM LOAN

	2018
<u>Advances</u>	
Opening balance	\$ -
Advances current fiscal year	142,500
Total funds available	142,500
<u>Expenditures</u>	
<u>First Nation Negotiations</u>	
Community meetings	18,200
Researcher	5,000
<u>First Nation Travel</u>	
Travel	14,924
<u>Legal</u>	
Fees, disbursements and travel	55,000
<u>Other</u>	
Administration	14,250
Total expenditures	108,374
Unspent advances, end of year	\$ 34,126

SADDLE LAKE CREE NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

16. 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, 2018. 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.

17. 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.

18. BUDGET INFORMATION

The budget information for the year ended March 31, 2018 is prepared by management, approved by Chief and Council and is unaudited.

19. SUBSEQUENT EVENT

Subsequent to year-end, Bison Auto Stop Ltd., a government business enterprise of the Nation, obtained financing in the amount of \$2,540,000 for the purpose of renovating their premises. Saddle Lake Cree Nation has been named as a guarantor on the loan.

20. COMPARATIVE FIGURES

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

**Whitefish Lake Band No. 128
Consolidated Financial Statements
March 31, 2018**

Whitefish Lake Band No. 128

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of **Whitefish Lake First Nation #128** are the responsibility of management and have been approved by the Chief and 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 consolidated 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 consolidated 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.

Original Signed By _____ Chief *Original Signed By* _____ Councilor

Original Signed By _____ Councilor *Original Signed By* _____ Councilor

DOYLE & COMPANY
CHARTERED PROFESSIONAL
ACCOUNTANTS

Allan J. Grykuliak, CPA, CA*

Scott T. Mockford, CPA, CA*

Allen Lee, CPA, CMA*

Jason Bondarevich, CPA, CA*

* 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, 2018 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.

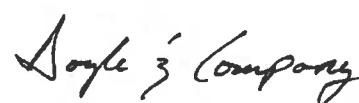
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

July 19, 2018

Edmonton, Alberta



Chartered Professional Accountants

Whitefish Lake Band No. 128
Consolidated Statement of Financial Position
As at March 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	3,674,950	1,219,077
Restricted cash (Note 3)	1,438,583	1,211,083
Investments (Note 4)	40,200	40,200
<u>Accounts receivable (Note 5)</u>	<u>1,032,551</u>	<u>1,281,021</u>
	6,186,284	3,751,381
LIABILITIES		
Line of credit (Note 6)	200,000	200,000
Accounts payable (Note 7)	4,851,841	3,504,298
Deferred contributions (Note 8)	3,302,842	2,673,193
Obligations Under Capital Lease (Note 9)	671,111	675,074
Long-term liabilities (Note 10)	1,336,395	1,771,192
	10,362,189	8,823,757
NET FINANCIAL DEBT	(4,175,905)	(5,072,376)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	20,949,500	16,951,768
Prepaid expenses	133,590	157,459
	21,083,090	17,109,227
ACCUMULATED SURPLUS (Schedule 1 and Note 13)	16,907,185	12,036,851

Approved by the Band:

Original Signed By _____ Chief *Original Signed By* _____ Councilor

Original Signed By _____ Councilor *Original Signed By* _____ 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, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
REVENUE			
Indigenous and Northern Affairs Canada	10,225,990	13,758,631	11,908,931
Trust Funds			
Capital	-	-	693,948
Revenue	-	-	387,942
First Nation Development Fund	-	751,346	765,321
Health Canada	1,720,535	1,875,143	1,820,512
Tribal Chiefs Employment and Training	537,446	933,177	1,179,750
Canada Housing and Mortgage Corporation	-	239,170	-
Other revenue	1,577,592	3,947,076	3,099,088
Revenue deferred from previous period	-	2,673,193	1,112,577
Revenue deferred to subsequent period	-	(3,302,842)	(2,673,193)
	14,061,563	20,874,894	18,294,876
EXPENDITURES			
Administration	1,220,730	2,051,966	2,018,070
Bussing	529,420	399,520	442,816
Chief and Council	774,128	806,761	318,161
Daycare Centre	455,462	325,876	321,365
Economic Development	-	759,182	160,258
Education - Administration	219,595	400,331	103,251
Education - Post-Secondary	825,698	902,006	874,595
Education - School	2,850,156	2,480,044	1,822,301
Education - Operations and Maintenance	300,152	428,865	476,527
Enhanced delivery	304,712	244,596	315,263
Health Services	1,765,353	2,038,661	1,802,784
Housing	408,000	1,238,195	534,525
National Child Tax Benefit	-	-	398,466
Public Works	1,495,319	2,771,374	2,910,120
Recreation	568,100	489,932	689,121
Remediation	-	-	28,077
Royal Bank Agency	64,066	132,318	92,118
Social Services	2,587,018	2,414,494	2,212,368
Social Services - Delivery	384,511	543,979	374,869
Summer Student Employment	-	119,886	119,330
Tribal Chiefs Employment and Training	369,678	346,195	518,314
Youth Skills Initiative	-	440,793	289,900
Youth Work Experience	-	-	184,060
	15,122,098	19,334,974	17,006,659
Excess of Revenue Over Expenditures			
Before Other Revenue (Expenditures)	(1,060,535)	1,539,920	1,288,217
Other Revenue (Expenditures)			
Indigenous and Northern Affairs Canada - capital funding	-	4,871,010	1,291,969
Amortization	-	(1,768,096)	(1,599,583)
EXCESS OF REVENUE OVER EXPENDITURES	-	4,642,834	980,603

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, 2018

	2018 \$	2017 \$
EXCESS OF REVENUE OVER EXPENDITURES	4,870,334	1,888,453
Acquisition of tangible capital assets	(5,765,828)	(1,649,111)
Amortization of tangible capital assets	1,768,096	1,599,583
Trust funds used for operations	-	(1,081,890)
	(3,997,732)	(1,131,418)
Acquisition of prepaid assets	(133,590)	(157,459)
Use of prepaid assets	157,459	150,481
	23,869	(6,978)
DECREASE IN NET FINANCIAL DEBT	896,471	750,057
NET FINANCIAL DEBT, BEGINNING OF YEAR	(5,072,376)	(5,822,433)
NET FINANCIAL DEBT, END OF YEAR	(4,175,905)	(5,072,376)

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, 2018

	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	21,123,364	18,720,106
Cash paid to suppliers and employees	(12,462,903)	(13,836,699)
	8,660,461	4,883,407
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term liabilities	(599,984)	(554,910)
Long-term liabilities obtained	161,224	419,884
	(438,760)	(135,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(5,765,828)	(1,649,111)
Decrease in investments	-	145,243
	(5,765,828)	(1,503,868)
INCREASE IN CASH	2,455,873	3,244,513
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	1,019,077	(2,225,436)
CASH, END OF YEAR	3,474,950	1,019,077
 Bank indebtedness consists of the following:		
Cash	3,674,950	1,219,077
Line of credit	(200,000)	(200,000)
	3,474,950	1,019,077

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, 2018

	Unrestricted Surplus	Equity in Tangible Capital Assets	Equity in Trust Funds	2018	2017
Balance, Beginning of Year	(3,679,734)	14,505,502	1,211,083	12,036,851	11,230,288
Excess of revenue over expenditures	4,642,834	-	227,500	4,870,334	1,888,453
Restricted funds used for operations	-	-	-	-	(1,081,890)
Current years funds used for tangible capital assets	(5,765,828)	5,765,828	-	-	-
Annual amortization expense	1,768,096	(1,768,096)	-	-	-
Long-term liabilities obtained	161,224	(161,224)	-	-	-
Long-term liabilities repaid	(599,984)	599,984	-	-	-
Change in accumulated surplus	206,342	4,436,492	227,500	4,870,334	806,563
Balance, End of Year	(3,473,392)	18,941,994	1,438,583	16,907,185	12,036,851

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, 2018

	Automotive and Equip. \$	Buildings & Housing \$	Furniture and Equip. \$	Engineered Structures \$	2018 \$	2017 \$
COST:						
Balance, Beginning of Year	8,893,779	29,062,251	143,025	11,782,265	49,881,320	48,232,209
Acquisition of tangible capital assets	884,740	23,258	-	4,857,830	5,765,828	1,649,111
Balance, End of Year	9,778,519	29,085,509	143,025	16,640,095	55,647,148	49,881,320
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	7,587,824	22,346,012	118,775	2,876,941	32,929,552	31,329,969
Annual amortization	523,747	672,787	4,850	566,712	1,768,096	1,599,583
Balance, End of Year	8,111,571	23,018,799	123,625	3,443,653	34,697,648	32,929,552
NET BOOK VALUE	1,666,948	6,066,710	19,400	3,196,442	20,949,500	16,951,768

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, 2018

	INAC Revenue \$	Trust Funds \$	Other Revenue \$	2018		2017	
				Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$	Surplus (Deficit) \$
Administration	1,031,237	-	2,559,605	3,590,842	2,051,966	1,538,877	1,203,334
Chief and Council	-	-	982,500	806,761	175,739	(145,957)	(20,000)
Daycare Centre	81,000	-	244,875	325,875	-	(1)	-
Economic Development	881,806	-	-	881,806	759,182	122,624	-
Education - Administration	181,768	-	192,598	-	400,331	(25,965)	(49,033)
Education - Bussing	460,357	-	195,053	374,366	399,520	255,890	(5,437)
Education - Post Secondary	1,041,495	-	-	655,410	-	-	-
Education - School	2,238,818	-	5,057	1,041,495	902,006	139,489	48,029
Education - Operations and Maintenance	476,204	-	-	2,243,875	2,480,044	(236,169)	332,920
Enhanced Delivery	-	-	-	476,204	428,865	47,339	199,677
Health Services	-	-	-	244,596	244,596	-	-
Housing	315,000	-	-	2,058,906	2,058,906	20,245	15,543
National Child Tax Benefit	-	-	-	575,851	890,851	1,238,195	(347,344)
Public Works	8,781,074	-	(1,270,646)	-	-	-	-
Recreation	-	-	-	7,510,428	2,771,374	4,739,054	(18,703)
Royal Bank Agency	-	-	489,932	489,932	489,932	-	-
Social Services	2,513,517	-	-	-	132,318	(132,318)	(92,118)
Social Services - Delivery	567,479	-	(23,500)	2,513,517	2,414,494	99,023	(9,642)
Summer Student Employment	59,886	-	-	543,979	543,979	-	9,642
Tribal Chiefs Employment and Training	-	-	-	59,886	119,886	(60,000)	(89,310)
Youth Skills Initiative	-	-	-	394,678	346,195	48,483	89,310
	18,629,641	-	466,757	466,757	440,793	25,964	-
			7,116,262	25,745,903	19,334,974	6,410,930	2,580,186

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, 2018

	2018	2017
	\$	\$
EXPENDITURES		
Advertising	2,113	1,332
Building maintenance and utilities	517,562	337,511
Equipment	12,949	306,651
Insurance	196,695	188,656
Interest, bank charges and loan payments	147,558	217,456
Materials and supplies	327,509	664,121
Repairs and maintenance	1,397,148	650,502
Professional fees	1,177,137	714,399
Program costs	5,606,077	4,841,269
Training	1,292,331	1,407,757
Travel	656,144	617,364
Vehicle	1,422,884	970,110
Wages and employee benefits	6,558,867	6,089,531
TOTAL EXPENDITURES	19,314,974	17,006,659

The accompanying notes form part of these financial statements.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

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 consolidated 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) Cash and Cash Equivalents

Cash and cash equivalents consists of bank accounts and temporary investments with maturities of one year or less.

(c) Investments

Investments are recorded at fair market value.

(d) 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, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(e) 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%

(f) 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.

(g) Financial Instruments

The Band initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

The Band risk exposures related to its financial instruments are outlined as follows:

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.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Financial Instruments

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.

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.

(h) 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.

(i) 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, 2018 is \$180,000 (2017 - \$180,000) 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 Indigenous and Northern Affairs Canada.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

3. RESTRICTED CASH

	2018	2017
	\$	\$
Trust Funds		
Band Capital	506,794	449,663
Band Revenue	931,789	761,420
	1,438,583	1,211,083

4. INVESTMENTS

Investment includes shares of UFA.

5. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Indigenous and Northern Affairs Canada	200,936	101,130
Canada Mortgage Housing Corporation	231,610	-
Health Canada	-	177,825
First Nation Development Fund	184,603	426,200
Goods and Services Tax	95,696	35,359
Tribal Chief Ventures	111,459	86,179
Other	208,247	454,328
	1,032,551	1,281,021

6. 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 2.8% and is secured by a general security agreement. There is a \$NIL (2017 - \$NIL) 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 plus 2.8% and is secured by a general security agreement. There is a \$200,000 (2017 - \$200,000), balance outstanding on this line of credit.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

7. ACCOUNTS PAYABLE

	2018	2017
	\$	\$
Trade payables	4,448,528	2,169,290
Payable to related entities	-	853,397
Landfill closure costs	200,000	180,000
Wages, salaries and source deductions	203,313	301,611
	4,851,841	3,504,298

Payable to related entities are non-interest bearing and have no fixed terms of repayment.

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

8. DEFERRED CONTRIBUTIONS

	2018 \$	2017 \$
Chief and Council		
Impact Benefit Agreements (IBA)	1,111,051	1,056,308
Education - Administration		
INAC - Fixed - Skill Link	24,674	113,713
Building Collaboration and Capacity in Education - BCCE	187,444	179,393
Education - Bussing		
First Nation Development Fund	-	195,053
Education - School		
INAC - Fixed - Skill Link	-	31,125
First Nation Development Fund	-	84,485
Enhanced Delivery		
Alberta Government funding	-	36,305
Health Services		
Health Canada	-	182,436
Housing		
INAC - Capital project	-	211,972
INAC - Fixed	28,422	55,231
Canada Mortgage and Housing Corporation - CMHC	87,036	-
Public Works		
INAC - Capital project - AUR44 - roads	949,070	250,000
INAC - Capital project - waterline	566,820	-
INAC - Capital project - waste measures	100,000	-
Recreation Facilities and Healthy Living		
First Nation Development Fund	81,970	-
Social Services - Delivery		
Fixed - Social Services - Delivery	23,500	-
Youth Skills Initiative		
Alberta Government funding	142,855	277,172
	3,302,842	2,673,193

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

9. OBLIGATIONS UNDER CAPITAL LEASE

	Total	2018			2017 Total
		Deferred Finance	Current Portion	Long-Term Portion	
	\$	\$	\$	\$	\$
Royal Bank - Leasing (Grader)	227,322	12,487	75,402	139,433	310,051
Royal Bank - Leasing (Buses)	160,862	10,584	41,921	108,357	207,945
Daimler Truck Financial (Water Truck)	173,214	14,087	39,928	119,199	219,360
Daimler Truck Financial (Water Truck)	164,534	17,663	29,817	117,054	-
	725,932	54,821	187,068	484,043	737,356

The loan payable to the Royal Bank - Leasing (Grader) is due December, 2020 and is repayable in monthly installments of \$6,890, including interest charged at 4.03% and is secured by equipment with a net book value of \$255,000.

The loan payable to the Royal Bank - Leasing (Buses) is due August, 2021 and is repayable in monthly installments of \$3,923, including interest charged at 3.93% and is secured by equipment with a net book value of \$213,399.

The loan payable to the Daimler Truck Financial (Water Truck) is due December, 2021 and is repayable in monthly installments of \$3,856, including interest charged at 4.50% and is secured by equipment with a net book value of \$226,485.

The loan payable to the Daimler Truck Financial (Water Truck) is due September, 2022 and is repayable in monthly installments of \$3,048, including interest charged at 4.99% and is secured by equipment with a net book value of \$151,920.

Interest paid on obligations under capital lease was \$29,051 (2017 - \$20,015)

Future lease payments on obligations under capital lease are estimated as follows:

	\$
2019	212,597
2020	212,597
2021	191,929
2022	90,531
<u>2023 and thereafter</u>	<u>18,278</u>
	725,932

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

10. LONG-TERM LIABILITIES

	2018 \$	2017 \$
The loan payable to the Royal Bank is repayable in monthly installments of \$20,418 including interest charged at 4.95% and is secured by a general security agreement. Dry Cleaning facility.	647,801	821,099
The loan payable to the Royal Bank is repayable in monthly installments of \$25,249 including interest charged at 5.0% and is <u>secured by a general security agreement. Debt consolidation loan.</u>	688,594	950,093
	1,336,395	1,771,192

Interest paid on long-term liabilities was \$72,371 (2017 - \$120,239)

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

	\$
2019	494,452
2020	519,633
2021	322,310
	1,336,395

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018 \$	2017 \$
Tangible capital assets (Schedule 2)	55,647,148	49,881,320
Accumulated amortization (Schedule 2)	(34,697,648)	(32,929,552)
Obligations under capital lease (Note 9)	(671,111)	(675,074)
<u>Long-term liabilities (Note 10)</u>	<u>(1,336,395)</u>	<u>(1,771,192)</u>
	18,941,994	14,505,502

Whitefish Lake Band No. 128
Notes to the Consolidated Financial Statements
March 31, 2018

12. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	449,663	761,420	1,211,083
<u>Interest</u>	<u>57,131</u>	<u>170,369</u>	<u>227,500</u>
Balance, end of year	506,794	931,789	1,438,583

13. ACCUMULATED SURPLUS

	2018 \$	2017 \$
Unrestricted surplus	(3,473,392)	(3,679,734)
Equity in tangible capital assets	18,941,994	14,505,502
<u>Equity in trust funds</u>	<u>1,438,583</u>	<u>1,211,083</u>
	16,907,185	12,036,851