

DOYLE & COMPANY
CHARTERED ACCOUNTANTS

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July 29, 2016

INDIGENOUS AND NORTHERN AFFAIRS CANADA

630 Canada Place, 9700 Jasper Avenue

EDMONTON, Alberta T5J 4G2

Attention: Mr. Anil Patel, Field Service Officer

Dear Mr. Patel:

Re: KEHEWIN CREE NATION

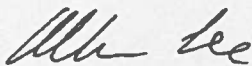
Please find enclosed, for publication, under the First Nation Financial Transparency Act (FNFTA)

- 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,

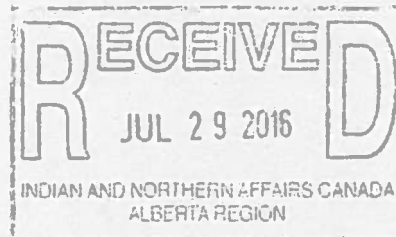
DOYLE & COMPANY



Allen Lee, CPA, CMA

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Enclosures



Kehewin Cree Nation
Consolidated Financial Statements
March 31, 2016

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P.O. Box 220 Kehewin AB T0A1C0 Tel: (750) 626-3334 / (750) 626-2611 Fax: (750) 626-2333

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The accompanying consolidated financial statements of **Kehewin Cree Nation** and all the financial information in this annual report are the responsibility of management and have been approved by the **Kehewin Cree Nation** Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated 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.

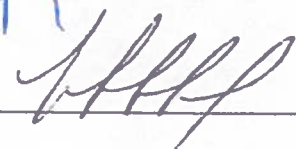
The First Nation's management is also responsible for implementing and maintaining systems of internal accounting and administrative control. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The consolidated financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members.



Chief



Councilor

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Kehewin Cree Nation**, which comprise the statement of financial position as at March 31, 2016 and the statements of financial activities, change in net financial assets and the statement of cash flows 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.

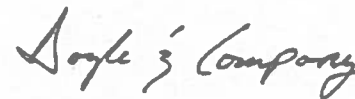
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 Kehewin Cree Nation 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 29, 2016
Edmonton, Alberta



Chartered Accountants

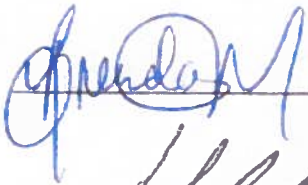
Kehewin Cree Nation

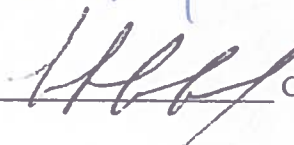
Consolidated Statement of Financial Position

As at March 31, 2016

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	-	529,765
Accounts receivable (Note 6)	712,308	523,657
Band trust funds (Note 12 and 17)	356,968	426,945
Investment in and advances to subsidiaries (Note 14)	4,754,299	5,381,639
	5,823,575	6,862,006
LIABILITIES		
Bank indebtedness	365,414	-
Accounts payable (Note 7)	1,568,107	1,891,736
Deferred revenue (Note 8)	425,821	295,958
Demand loan (Note 9)	1,436,595	218,910
Long-term liabilities (Note 10)	3,046,125	3,496,227
Reserves (Note 13)	682,637	614,500
	7,524,699	6,517,331
NET FINANCIAL ASSETS	(1,701,124)	344,675
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	17,557,135	17,366,740
Prepaid expenditures	5,100	81,963
	17,562,235	17,448,703
ACCUMULATED SURPLUS (Note 18)	15,861,111	17,793,378

Approved by:

 Chief

 Councilor

The accompanying notes form part of these financial statements.

Kehewin Cree Nation

Consolidated Statement of Financial Activities

For the year ended March 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Indigenous and Northern Affairs Canada (INAC) - fixed	4,719,031	4,719,031	4,434,365
INAC - set	3,194,939	3,194,939	831,281
INAC - grant	525,247	525,247	540,158
Aboriginal Skills and Employment Training Strategy (ASETS)	350,781	390,792	325,739
Administration fees	81,579	103,545	270,850
Canada Mortgage Housing Corporation	385,482	408,676	438,698
First Nations Development Fund	681,967	681,967	698,384
Government of Alberta	148,565	228,711	312,440
Health Canada	2,084,747	2,314,070	2,154,725
Oil and gas	549,770	399,770	448,666
Public Safety Canada	-	-	16,071
Rental income	939,110	1,099,334	1,088,276
Trust Funds with INAC - Capital account (Note 17)	197,712	340,669	387,152
Trust Funds with INAC - Revenue account (Note 17)	50,000	50,000	173,375
Other	435,707	1,275,476	1,524,351
Funding returned to provider	-	-	(30,450)
Revenue deferred from prior period	-	243,669	419,953
Revenue deferred to subsequent period	-	(425,821)	(243,669)
	14,344,637	15,550,075	13,790,365
EXPENDITURES			
Aboriginal Skills and Employment Training Strategies (ASETS)	341,071	453,441	337,505
Administration	1,826,219	2,231,053	1,789,712
Band Support Funding - Third Party Managers (TPM)	-	-	320,257
Canada Mortgage and Housing Corporation (CMHC)	666,690	731,795	775,607
Chief and Council	571,200	637,493	521,661
Daycare	387,703	361,612	286,013
Daycare - TPM	-	-	36,589
Economic Development	175,232	202,178	282,284
Education	2,651,749	2,907,019	1,844,585
Education - TPM	-	-	1,163,597
Education - Post - Secondary	535,616	537,608	359,348
Education - Post - Secondary - TPM	-	-	179,506
Education - Student Transportation	246,216	216,874	117,147
Education - Student Transportation - TPM	-	-	71,702
First Nation Development Fund	681,967	595,734	-
Health	2,233,799	2,283,600	2,410,202
Housing	374,265	939,317	1,028,100
Housing - TPM	-	-	23,840
Public Works	1,023,010	1,181,073	825,421
Public Works - TPM	-	-	487,295
Social Services (Note 5)	2,061,205	2,611,081	-
Previous Third Party Managers - TPM	-	-	65,094
	13,775,942	15,889,878	12,925,465
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES			
BEFORE OTHER REVENUES (EXPENDITURES)	568,695	(339,803)	864,900
OTHER REVENUE (EXPENDITURES)			
Amortization	-	(895,150)	(899,916)
Investment in entities	-	(627,340)	(1,061,257)
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES			
BEFORE CAPITAL PURCHASES	568,695	(1,862,293)	(1,096,273)
Capital purchases	(568,695)	(1,130,551)	(519,649)
EXCESS (SHORTFALL) OF REVENUES OVER			
EXPENDITURES AFTER CAPITAL PURCHASES	-	(2,992,844)	(1,615,922)

The accompanying notes form part of these financial statements.

Kehewin Cree Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2016

	2016 \$	2015 \$
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(1,862,293)	(1,096,273)
Acquisition of tangible capital assets	(1,130,551)	(519,649)
Amortization of tangible capital assets	895,150	899,916
Disposal of tangible capital assets	45,006	-
Increase (Decrease) in trust funds	(69,977)	80,582
	(260,372)	460,849
Acquisition of prepaid assets	-	(70,400)
Use of prepaid assets	76,866	-
INCREASE (DECREASE) IN NET ASSETS	(2,045,799)	(705,824)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	344,675	1,050,499
NET FINANCIAL ASSETS, END OF YEAR	(1,701,124)	344,675

The accompanying notes form part of these financial statements.

Kehewin Cree Nation
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 customers	15,491,287	12,603,358
Cash paid to suppliers and employees	(15,482,481)	(12,481,041)
Interest on long-term liabilities	(88,786)	(135,613)
	(79,980)	(13,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term liabilities	-	226,342
Repayment of long-term liabilities	(450,102)	(958,756)
	(450,102)	(732,414)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset additions	(1,130,551)	(519,649)
Decrease in investments	627,340	1,161,256
(Increase) Decrease in trust funds	69,977	(80,582)
Decrease in reserves	68,137	55,306
	(365,097)	616,331
DECREASE IN CASH DURING THE YEAR	(895,179)	(129,379)
CASH - Beginning of year	529,765	659,144
CASH - End of year	(365,414)	529,765
Cash Consists of:		
Cash and Short Term Deposits	-	529,765
Bank Indebtedness	(365,414)	-
	(365,414)	529,765

The accompanying notes form part of these financial statements.

Kehewin Cree Nation

Consolidated Statement of Expenditures by Object

For the year ended March 31, 2016

	2016 \$	2015 \$
EXPENDITURES		
Amortization	895,150	899,917
Bad debt	483,185	503,746
Contracted and general services	2,374,295	2,345,289
Cultural Ceremonies	63,970	296,369
Education and tuition	276,631	398,994
Insurance	354,949	348,646
Interest and bank charges	29,127	28,320
Interest on long term debt	88,786	135,613
Office	15,728	32,098
Professional services	1,106,300	923,906
Rent	24,000	-
Repairs and maintenance	728,906	783,612
Replacement reserve	61,639	61,639
Social assistance (Note 5)	1,887,406	99,226
Supplies and materials	1,218,627	975,123
Telephone and utilities	296,391	331,315
Training, professional development and workshops	510,238	342,375
Travel	630,850	433,560
Wages and benefits	5,738,850	4,885,635
	16,785,028	13,825,383

The accompanying notes form part of these financial statements.

Kehewin Cree Nation
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2016

	Unrestricted Surplus	Equity in Capital Assets	Equity in Enterprise Fund	Equity in Trust Funds	2016	2015
	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year	(2,222,304)	14,207,101	5,381,639	426,945	17,793,381	18,809,069
Excess (Shortfall) of revenue over expenditures	(1,862,293)	-	-	320,692	(1,541,601)	(455,164)
Shortfall of revenue over expenditures - investments	627,340	-	(627,340)	-	-	-
Trust funds used for operations	-	-	-	(390,669)	(390,669)	(560,527)
Current years funds used for tangible capital assets	(1,130,551)	1,130,551	-	-	-	-
Annual amortization expenditure	895,150	(895,150)	-	-	-	-
Long-term liabilities repaid	(450,102)	450,102	-	-	-	-
Change in accumulated surplus	(1,920,456)	685,503	(627,340)	(69,977)	(1,932,270)	(1,015,691)
Balance, End of Year	(4,142,760)	14,892,604	4,754,299	356,968	15,861,111	17,793,378

The accompanying notes form part of these financial statements.

Kehewin Cree Nation
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2016

	Land	Buildings & Houses	Automotive	Computer Equipment	Furniture & Equipment	Infra- Structure	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
Balance, Beginning of Year	1,500	24,181,558	2,700,142	259,293	1,150,378	3,082,198	31,375,069	30,872,976
Acquisition of tangible capital assets	-	809,383	264,707	-	56,461	-	1,130,551	519,649
Disposal of tangible capital assets	-	-	(45,006)	-	-	-	(45,006)	(17,556)
Balance, End of Year	1,500	24,990,941	2,919,843	259,293	1,206,839	3,082,198	32,460,614	31,375,069
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	-	9,394,760	2,123,780	247,644	978,245	1,263,900	14,008,329	13,125,969
Annual amortization	-	607,660	179,705	3,495	38,309	72,732	901,901	899,916
Accumulated amortization on disposals	-	-	(6,751)	-	-	-	(6,751)	(17,556)
Balance, End of Year	-	10,002,420	2,296,734	251,139	1,016,554	1,336,632	14,903,479	14,008,329
NET BOOK VALUE	1,500	14,988,521	623,109	8,154	190,285	1,745,566	17,557,135	17,366,740

The accompanying notes form part of these financial statements.

Kehewin Cree Nation

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2016

	INAC Revenue \$	Other \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$	Capital Expenditures \$	2016 Surplus (Deficit) \$	2015 Surplus (Deficit) \$
Aboriginal Skills and Employment Training								
Strategies (ASETS)	-	396,756	396,756	453,441	(56,685)	-	(56,685)	(11,766)
Administration	629,072	1,283,101	1,912,173	2,231,053	(318,880)	-	(318,880)	1,414,485
Band Support - TPM	-	-	-	-	-	-	-	167,363
CMHC	-	839,156	839,156	731,795	107,361	-	107,361	(380,960)
Chief and Council	-	-	-	637,493	(637,493)	-	(637,493)	(521,661)
Daycare	149,040	178,542	327,582	361,612	(34,030)	-	(34,030)	(66,783)
Daycare - TPM	-	-	-	-	-	-	-	66,141
Economic Development	181,546	252,709	434,255	202,178	232,077	-	232,077	164,601
Economic Development - TPM	-	-	-	-	-	-	-	63,487
Education	3,057,099	329,201	3,386,300	2,907,019	479,281	880,616	(401,335)	-
Education - TPM	-	-	-	-	-	-	-	518,651
Education - Post Secondary	535,616	1,992	537,608	537,608	-	-	-	(178,306)
Education - Post Secondary - TPM	-	-	-	-	-	-	-	177,568
Education - Transportation	246,216	-	246,216	216,874	29,342	-	29,342	(34,933)
Education - Transportation - TPM	-	-	-	-	-	-	-	44,041
First Nation Development Fund	-	574,312	574,312	595,734	(21,422)	-	(21,422)	-
Health Centre	-	2,379,809	2,379,809	2,283,600	96,209	191,340	(95,131)	-
Housing	204,553	466,571	671,124	939,317	(268,193)	23,635	(291,828)	-
Housing - TPM	-	-	-	-	-	-	-	55,200
Public Works	1,103,640	21,411	1,125,051	1,181,073	(56,022)	34,960	(90,982)	3,972
Public Works - TPM	-	-	-	-	-	-	-	89,892
Previous Third Party Manager	-	-	-	-	-	-	-	(65,094)
Social Development	2,332,435	283,751	2,616,186	2,611,081	5,105	-	5,105	-
	8,439,217	7,007,311	15,446,528	15,889,878	(443,350)	1,130,551	(1,573,901)	1,505,898

The accompanying notes form part of these financial statements.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

DESCRIPTION OF OPERATIONS

The Chief and Council of Kehewin Cree Nation (the "First Nation") primary function is to administer the affairs of Kehewin Cree Nation.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Fund Accounting

The Kehewin Cree Nation uses fund accounting procedures which results 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 Kehewin Cree Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Equity in Capital Assets Fund which reports the capital assets of the First Nation, together with their related financing.
- The Equity in Enterprise Fund which reports the investment made in controlled entities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.

(b) Reporting Entity and Principles of Financial Reporting

The Kehewin Cree Nation's reporting entity includes the Kehewin Cree Nation's government and all related entities which are accountable to the First Nation and are either owned or controlled by the Kehewin Cree Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation.

- Kehewin Cree Nation Operating Fund
- Kehewin Cree Nation Trust Funds
- Kehewin Health Services
- Third Party Managed Programs

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(b) Reporting Entity and Principles of Financial Reporting - continued

Incorporated business entities, which are owned or controlled by the Kehewin Cree Nation and which are not dependent on the First Nation for their continuing operations are included in the summary financial statements using the modified equity method. These include:

- 681415 Alberta Ltd. (Kehewin Gasification)
- KCN Contracting Ltd.

(c) 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 expenditures, provides the consolidated Change in Net Financial Assets for the year.

i) 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 is amortized on a declining balance basis over the estimated useful life of the assets at the annual rates as follows:

Automotive	30%
Buildings	4%
Computer equipment	30%
Furniture and equipment	20%
Machinery and equipment	20%
Projects under construction	0%
Water system	4%

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operation leases and the related lease payments are charges to expenditures as incurred.

d) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(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 fund accounts, or are receivable or accrued at year-end, which have been authorized by Indigenous and Northern Affairs Canada (INAC) approved band council resolution (BCR). The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

(f) Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, investments, trust funds, accounts payable, deferred revenue and long-term liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

(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 expenditures during the reporting period. Actual results could differ from those estimates.

2. ECONOMIC DEPENDENCE

The Kehewin Cree Nation receives the majority of its funding from Indigenous and Northern Affairs Canada (INAC). The Nation is also dependent on Health Canada for funding to run its health program through a health funding consolidated contribution agreement.

3. GOING CONCERN

These financial statements have been prepared in accordance with accounting principles that apply to a going concern. Under the going concern assumption, an entity is viewed as being able to continue its operations in the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

The Nation's ability to continue as a going concern depends on its ability to improve operations, access additional financing and obtain the ongoing support of its creditors.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management feels that the measures it intends to take will improve operations and a refinancing of accounts payable will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

4. THIRD PARTY MANAGEMENT

Effective April 1, 2010, Indigenous and Northern Affairs Canada (INAC) appointed a third party manager to administer the delivery of all programs funded by INAC and certain expenditures from the Nation's Ottawa trust funds. On April 1, 2013 there was a changeover to a new third party management group. Effective October 1, 2014 the Nation was re-appointed to administer all programs.

5. SOCIAL ASSISTANCE PROGRAM

Effective April 1, 2013, the social assistance program is administered by an independent third party. The program has been separately audited by another accounting firm and has not been consolidated with the Nation. As of April 1, 2015 this program will be administered by the Nation.

6. ACCOUNTS RECEIVABLE

	2016 \$	2015 \$
Indigenous and Northern Affairs Canada	56,140	289,925
First Nation Development Fund	431,267	171,873
Members - Maintenance	811,124	503,461
Members - Rent	732,944	557,421
Trade Accounts	180,626	32,695
Tribal Chiefs	40,966	27,452
GST Receivable	3,308	1,712
	2,256,375	1,584,539
Allowance for Doubtful Accounts (Maintenance and Rent)	(1,544,067)	(1,060,882)
	712,308	523,657

7. ACCOUNTS PAYABLE

	2016 \$	2015 \$
Trade Accounts	1,568,103	1,891,736
Ministerial Loan Guarantee (MLG)	4	-
	1,568,107	1,891,736

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

8. DEFERRED REVENUE

	2016 \$	2015 \$
First Nation Development Fund	159,944	52,289
Health Canada	60,083	-
National child benefit	2,461	336
Rental revenue	203,333	243,333
	425,821	295,958

9. DEMAND LOAN

	2016 \$	2015 \$
Alberta Indian Investment Corporation loan repayable in monthly installments of \$1,653 including interest at 10.00%, due August 2019.	55,114	68,389
Alberta Indian Investment Corporation loan repayable in monthly installments of \$3,628 including interest at 10.00%, due August 2019.	121,430	150,521
Alberta Indian Investment Corporation loan repayable in monthly installments of \$1,900 including interest at 10.00%, due June 2020.	78,994	-
RBC line of credit with a credit limit of \$2,801,400 and interest at 3.45%.	1,181,057	-
	1,436,595	218,910

Interest paid on demand loans amounted to \$27,291 (2015 - \$13,535) during the year.

The First Nation has a \$300,000 line of credit with Peace Hills Trust. Advances under this operating loan are repayable on demand and bears interest at a rate of 5.75%

As at March 31, 2016 the operating line of credit was unused.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

10. LONG-TERM LIABILITIES

	2016 \$	2015 \$
First Nations Bank of Canada mortgage repayable in monthly installments \$3,473 including interest at 5.55%, due July 2018.	90,290	126,404
First Nations Bank of Canada mortgage repayable in monthly installments \$3,586 including interest at 5.55%, due June 2018.	89,914	127,280
First Nations Bank of Canada mortgage repayable in monthly installments \$3,429 including interest at 8.44%, due April 2017.	41,114	77,374
CMHC mortgage repayable in monthly installments of \$7,355 including interest at 14.75%, due December 2016.	15,948	100,319
CMHC mortgage repayable in monthly installments of \$3,033 including interest at 11.75%, due February 2016.	-	14,776
CMHC mortgage repayable in monthly installments of \$908 including interest at 2.63%, due March 2026.	95,998	104,284
CMHC mortgage repayable in monthly installments of \$1,616 including interest at 1.64%, due January 2027.	192,698	208,819
CMHC mortgage repayable in monthly installments of \$2,489 including interest at 1.82%, due November 2036.	514,255	2,059,223
CMHC mortgage repayable in monthly installments of \$13,731 including interest at 2.69%, due August 2030.	1,938,479	534,623
CMHC mortgage repayable in monthly installments of \$1,974 including interest at 1.81%, due February 2019.	67,429	89,692
First Nations Bank of Canada mortgage repayable in monthly installments \$8,045 including interest at 7.64%, due October 2015.	-	53,433
	3,046,125	3,496,227

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

10. LONG-TERM LIABILITIES - continued

Long-term debts are secured by:

The CMHC and First Nations Bank of Canada mortgage loans are guaranteed by the Minister of Indian Affairs.

Security for the First Nations Bank of Canada loans includes a Band Council Resolution authorizing INAC to forward funding to the First Nations Bank of Canada, and an assignment of insurance over specific assets.

Interest paid on long-term liabilities amounted to \$61,495 (2015 - \$122,078) during the year.

Future principal repayments on long-term liabilities are estimated as follows:

	\$
2016	327,287
2017	280,318
2018	217,900
2019	177,810
2020 and thereafter	2,042,810
	3,046,125

11. RELATED PARTY TRANSACTIONS

During the year the Health Centre paid the following amounts to Kehewin Cree Nation:

	2016 \$	2015 \$
Contracts	-	6,570
Leadership administration fees	14,037	28,760
Program transfers (cultural)	10,350	12,300
Rent	98,810	120,220
Supplies	-	1,200
	123,197	169,050

Kehewin Cree Nation paid Kehewin Gasification \$78,271 (2015 - \$97,483) for gas purchases during the year.

KCN Contracting paid Kehewin Cree Nation \$6,270 (2015 - \$6,120) for miscellaneous purchases during the year.

These transactions are in the normal course of business and are measured at the exchange amount being the amount of consideration established and agreed to by the related parties. The transactions with related parties are in the normal course of operations and have been valued in these statements at the rates as if the party was not related.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

12. TRUST FUNDS

The Government of Canada - Indigenous and Northern Affairs Canada (INAC) has custody of the Capital fund on behalf of the First Nation and has full responsibility for the investment of this fund. Income from Oil and Gas royalties, surface rights, and interest income from investment of the capital fund is collected and controlled by the Government of Canada - INAC. Capital funds held by INAC cannot be disbursed or committed by the First Nation without approval from the Government of Canada. Revenue funds held by INAC can be disbursed by Band Council Resolution (BCR).

13. Canada Mortgage and Housing Corporation (CMHC) Reserves

Replacement Reserve

Under the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserve account is to be credited annually plus interest, less any CMHC approved withdrawals. These funds, along with accumulated interest, must be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

The nation has previously not been submitting all expenditures to decrease the replacement reserve balance. CMHC has allowed the nation to review their invoices from 2008 to present to apply against the reserve. Once all amounts have been submitted the balance of the un-funded replacement reserve is expected to decrease.

Operating Reserve

Under the terms of agreement with CMHC, any surplus revenue, after payments of all costs and expenditures including the allocation to the Replacement Reserve, may be retained by Kehewin Cree Nation in an Operating Reserve fund. These funds, along with accumulated interest, must be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. The funds in this account may only be used to meet future deficits of the housing projects committed under the post 1997 On-Reserve Program. Withdrawals are credited to interest first and then principal.

At year-end the CMHC Reserves consisted of the following.

	08-239-758	17-666-777	2016	2015
	\$	\$	\$	\$
Replacement reserve	169,460	516,335	685,795	624,156
Funded portion	-	-	-	-
Un-funded replacement reserve	169,460	516,335	685,795	624,156
Operating reserve (surplus)	-	(3,158)	(3,158)	(9,656)
Total CMHC reserves	169,460	513,177	682,637	614,500

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

14. INVESTMENTS IN AND ADVANCES TO (FROM) WHOLLY OWNED SUBSIDIARIES AND INVESTMENTS

	2016 \$	2015 \$
<u>Wholly Owned Subsidiaries</u>		
681415 Alberta Ltd. (Kehewin Gasification) - 100%		
Shares (at cost)	100	100
Accumulated surplus in earnings	497,519	441,618
	497,619	441,718
KCN Contracting Ltd. - 100%		
Shares (at cost)	10	10
Receipts	-	(100,000)
Accumulated surplus in earnings	862,269	2,255,358
	862,279	2,155,368
<u>Investments</u>		
Seven Lakes Oilfield Services Limited Partnership - 8.3333%		
Preferred units (at cost)	100	100
Accumulated surplus in earnings	1,610,400	1,369,418
	1,610,500	1,369,518
Pimee Well Servicing Ltd. - 16.6666%		
Shares (at cost)	20	20
Advances	183,095	165,859
	183,115	165,879
Pimee Well Servicing Limited Partnership - 16.6666%		
Accumulated surplus in earnings	1,600,786	1,249,156
Total investments in wholly owned subsidiaries and investments	4,754,299	5,381,639

Wholly Owned Subsidiaries

March 31, 2016 unaudited financial information for **681415 Alberta Ltd. (Kehewin Gasification)** is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	517,397	461,496
Liabilities	19,778	19,778
Revenue	305,765	271,667
Net Earnings (Loss) for the Year	55,902	(125,313)

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

**14. INVESTMENTS IN AND ADVANCES TO (FROM) WHOLLY OWNED
SUBSIDIARIES AND INVESTMENTS - continued**

Wholly Owned Subsidiaries - Continued

March 31, 2016 draft audited financial information for **KCN Contracting Ltd.** is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	3,259,998	3,221,518
Liabilities	1,798,059	466,481
Revenue	1,964,659	10,417,892
Net Loss for the Year	(1,293,098)	(1,500,506)

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016 \$	2015 \$
Capital assets (Schedule 2)	32,460,614	31,375,069
Accumulated amortization (Schedule 2)	(14,903,479)	(14,008,329)
Long-term liabilities (Note 10)	(3,046,125)	(3,496,227)
Long-term liabilities not related to tangible capital assets	381,594	336,587
	14,892,604	14,207,100

16. EQUITY IN ENTERPRISE FUND

	2016 \$	2015 \$
Balance, beginning of year	5,381,639	6,542,895
Surplus (Deficit) from controlled entities	(627,340)	(1,161,256)
Balance, end of year (Note 14)	4,754,299	5,381,639

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

17. EQUITY IN TRUST FUNDS

	Capital \$	Revenue \$	Total \$
Balance, Beginning of year	398,684	28,261	426,945
Royalties	235,889	-	235,889
Rental and interest	-	84,803	84,803
	634,573	113,064	747,637
BCR			
NUMBER PROGRAM			
2055-2014-2015 Housing - Foundation Repairs	55,000	-	55,000
2037-2015-2016 Housing	56,148	-	56,148
Professional Building	10,590	-	10,590
Fire Response	21,219	-	21,219
Court-Ordered Settlement	22,067	-	22,067
Electoral Officer	32,135	-	32,135
Legal Fees	80,000	-	80,000
2100-2015-2016 Chief and Council Travel	63,510	-	63,510
2062-2015-2016 Travel	-	8,500	8,500
General Relief/Sponsorship/ Emergency Assistance	-	16,500	16,500
2019-2015-2016 General Relief/Sponsorship Emergency Assistance	-	25,000	25,000
	340,669	50,000	390,669
Balance, End of year	293,904	63,064	356,968

18. ACCUMULATED SURPLUS

	2016 \$	2015 \$
Unrestricted surplus	(4,142,760)	(2,222,306)
Equity in tangible capital assets (Note 15)	14,892,604	14,207,101
Equity in enterprise fund (Note 16)	4,754,299	5,381,638
Equity in trust funds (Note 17)	356,968	426,945
	15,861,111	17,793,378

19. CONTINGENT LIABILITIES

- a) As at March 31, 2016 the First Nation has guaranteed a demand loan with Alberta Indian Investment Corporation in the amount of \$568,503 for KCN Contracting Ltd.

Kehewin Cree Nation

Notes to the Consolidated Financial Statements

March 31, 2016

20. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. Canadian Public Sector Accounting Standards require that the liability to close these sites be recorded based on an estimate of expected costs. As of March 31, 2015 there is no liability provision recorded in these financial statements for the estimated closure and post-closure costs.

21. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISK

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Nation by failing to discharge an obligation. The Nation's credit risk is mainly related to accounts receivable. The Nation provides credit to its clients in the normal course of its operations and assesses on a continuous basis the accounts receivable and records any amounts that are not collectible in the allowance for doubtful accounts.

Market Risk

Market risk is the risk that the fair value or future cash flows of the Nation's financial instrument will fluctuate because of changes in market prices. Some of the Nation's financial instruments expose it to this risk which comprises currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Nation may purchase services and goods from outside of Canada and incurs expenditures in foreign currency.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Nation is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

22. COMPARATIVE FIGURES

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

23. BUDGET FIGURES

The budget figures are presented for information purposes only and have not been audited.