

(0469) 30-0005-15.16 PRA

HEART LAKE FIRST NATION
Consolidated Financial Statements
For The Year Ended March 31, 2016

HEART LAKE FIRST NATION
Financial Statements
For The Year Ended March 31, 2016

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HEART LAKE FIRST NATION
MARCH 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

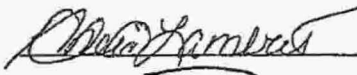

The accompanying financial statements of the Heart Lake First Nation are the responsibility of management and have been approved by the Chief and Council.

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 financial statements are presented fairly, in all material respects.

The First Nation 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 the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

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


for: Chief

Band Administrator

DOYLE & COMPANY

CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*
Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

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Edmonton, Alberta T5H 0Y1
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INDEPENDENT AUDITOR'S REPORT

To Chief and Council
Heart Lake First Nation

We have audited the accompanying financial statements of Heart Lake First Nation, which comprise the statement of financial position as at March 31, 2016 and the statements of changes in accumulated surplus, equity in trust funds, operations, changes in net financial assets and cash flows for the year then ended and notes to the financial statements and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements based on our audit. We conducted our audit in accordance with Canadian Audit Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

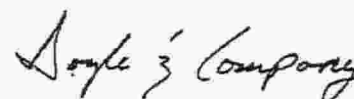
Basis for Qualified Opinion

The internal control systems and documents used to support the authorization and accounting for expenditures represents a significant component of the First Nations overall operations. For several significant expenditures tested during the course of our audit, we were unable to locate appropriate supporting documentation indicating that the expenditure had been properly authorized and properly recorded in the accounts of the Nation. Accordingly, we are unable to determine if all expenditures are properly authorized and recorded or if adjustments are required.

Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Heart Lake First Nation as at March 31, 2016, its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

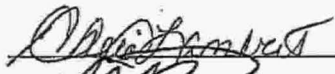
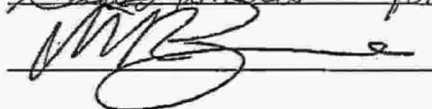
Edmonton, Alberta
January 19, 2017


Chartered Professional Accountants

HEART LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	529,968	290,868
Guaranteed investment certificate (Note 3)	250,000	250,000
Accounts receivable (Note 5)	266,529	303,079
Capital funds held in trust	1,004,286	980,396
Revenue funds held in trust	138,375	168,788
Investment in affiliated companies (Note 6)	4,801,536	5,976,394
Investments (Note 7)	1,508,203	1,508,203
	8,498,897	9,477,728
LIABILITIES		
Bank indebtedness (Note 4)	399,419	644,057
Accounts payable	1,098,554	1,376,082
Accounts payable - Heart Lake Construction Limited Partnership	189,216	153,300
Deferred revenue (Note 9)	456,802	285,767
Long term debt (Note 10)	3,432,260	3,829,148
	5,576,251	6,288,354
NET FINANCIAL ASSETS	2,922,646	3,189,374
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8 and Schedule 3)	11,816,439	12,416,894
Prepaid Social Assistance	10,752	7,313
	11,827,191	12,424,207
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	13,607,176	14,464,397
EQUITY IN TRUST FUNDS	1,142,661	1,149,184
	14,749,837	15,613,581

Approved by the First Nation:

 for Chief
 Administrator

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2016

	Operating Equity \$	Equity in Business Enterprises \$	Equity in Tangible Capital Assets \$	2016 Total \$	2015 Total \$
BALANCE - BEGINNING OF YEAR	(99,743)	5,976,394	8,587,746	14,464,397	15,628,925
Excess of expenditures over revenue	(857,221)	-	-	(857,221)	(1,164,528)
Net advances from Business Enterprises	121,937	(121,937)	-	-	-
Net losses in Business Enterprises	1,052,921	(1,052,921)	-	-	-
Loan principal repayments during the year	(396,888)	-	396,888	-	-
Purchase of tangible capital assets	(205,000)	-	205,000	-	-
Annual amortization expense	805,455	-	(805,455)	-	-
Change in accumulated surplus	521,204	(1,174,858)	(203,567)	(857,221)	(1,164,528)
BALANCE - END OF YEAR	421,461	4,801,536	8,384,179	13,607,176	14,464,397

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED MARCH 31, 2016

EQUITY IN TRUST FUNDS

	Capital \$	Revenue \$	Total \$
Balance - Beginning of year	980,396	168,788	1,149,184
Trust income	23,890	44,587	68,477
	1,004,286	213,375	1,217,661
BCR NUMBER	DATES RELEASED	FUNDS EXPENDITURE	PURPOSE OF
05-13-15-06	June 10, 2015	Treaty Days	-
			75,000
			75,000
Balance - end of year	1,004,286	138,375	1,142,661

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Indigenous and Northern Affairs Canada (INAC)	2,285,876	2,285,876	1,845,600
First Nations and Inuit Health Canada	706,632	706,632	609,884
Human Resource Development	246,547	251,331	231,543
C.M.H.C. Subsidies	95,000	92,427	103,981
Band Trust Funds	75,000	75,000	-
Other	2,229,797	4,469,085	4,165,671
Revenue deferred from prior year (Note 9)	285,767	285,767	264,966
Revenue deferred to next year (Note 9)	(373,763)	(456,802)	(285,767)
	5,550,856	7,709,316	6,935,878
OPERATING EXPENDITURES			
Administration	1,229,693	1,190,140	1,593,587
Education	653,462	582,749	778,109
Economic Development	411,191	737,039	51,707
Public Works	878,174	738,086	1,081,991
Policing	-	-	20,219
First Nations and Inuit Health Canada	706,632	645,541	624,905
Social Services	262,709	381,377	326,746
Social Services - Administration	91,257	91,257	81,257
Housing	256,872	565,808	107,361
C.M.H.C. Housing	159,000	74,394	111,974
Fire Protection	30,319	30,319	30,319
ASETS - CRF/EI/FNJF	141,655	135,915	127,770
ASETS - Childcare	104,892	109,633	124,275
Recreation	271,000	251,102	395,907
Community Building	350,000	87,969	38,880
First Nation Development Fund	-	29,000	-
Consultation Office	1,200,000	1,057,832	850,358
	6,746,856	6,708,161	6,345,365
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(1,196,000)	1,001,155	590,513
Undistributed net earnings (loss) in First Nation owned companies	-	(1,052,921)	(934,886)
Amortization	-	(805,455)	(820,155)
	-	(1,858,376)	(1,755,041)
SURPLUS (DEFICIT) FOR THE YEAR	(1,196,000)	(857,221)	(1,164,528)

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 Actual \$	2015 Actual \$
EXCESS OF REVENUE OVER EXPENSES	(857,221)	(1,164,528)
Acquisition of tangible capital assets	(205,000)	(949,417)
Amortization of tangible capital assets	805,455	820,155
Increase (decrease) in trust funds	(6,523)	95,721
	593,932	(33,541)
Use (Acquisition) of prepaid assets	(3,439)	(273)
(DECREASE) INCREASE IN NET ASSETS	(266,728)	(1,198,342)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,189,374	4,387,716
NET FINANCIAL ASSETS, END OF YEAR	2,922,646	3,189,374

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

	2016 \$	2015 \$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies, trust funds and customers	7,916,901	7,551,586
Cash paid to suppliers	(6,505,731)	(7,115,949)
Interest paid	(152,712)	(182,863)
	1,258,458	252,774
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net advances (to) from affiliated companies	77,168	731,068
Repayment of long term debt	(396,888)	(453,571)
	(319,720)	277,497
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of capital assets	(205,000)	-
Purchase of band houses	-	(949,417)
	(205,000)	(949,417)
Net (decrease) in cash	733,738	(419,146)
CASH (OVERDRAFT) - Beginning of year	(353,189)	65,957
CASH (OVERDRAFT) - End of year	380,549	(353,189)
 Cash is comprised of:		
Cash	529,968	290,868
Guaranteed investment certificate	250,000	-
Bank indebtedness	(399,419)	(644,057)
	380,549	(353,189)

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION

SCHEDULE 1- INDIVIDUAL PROGRAMS

FOR THE YEAR ENDED MARCH 31, 2016

	INAC Grants & Contributions	Trust Funds	Other Revenue	Deferred Revenue from prior year	Deferred Revenue to next year	Total Revenue	Operating Expenditures	Capital Expenditures	Loan Principal Repayments	Total Expenditures	Transfers	Current Year's Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	279,855	-	-	-	-	279,855	1,190,140	-	-	1,190,140	910,285	-
Education	419,124	-	-	-	-	419,124	582,749	-	24,528	607,277	188,153	-
Economic Development	411,191	-	150,000	-	-	561,191	737,039	-	-	737,039	175,848	-
Public Works	620,549	-	-	-	-	620,549	738,086	205,000	-	943,086	322,537	-
Policing	-	-	-	-	-	-	-	-	-	-	-	-
Social Services	262,709	-	-	-	-	262,709	381,377	-	-	381,377	-	(118,668)
Social Services - Administration	91,257	-	-	-	-	91,257	91,257	-	-	91,257	-	-
Housing	170,872	-	-	-	-	170,872	565,808	-	39,405	605,213	434,341	-
CMHC Housing	-	-	92,427	-	-	92,427	74,394	-	70,924	145,318	52,891	-
Fire Protection	30,319	-	-	-	-	30,319	30,319	-	-	30,319	-	-
ASETS - CRF/EI	-	-	146,439	-	(9,600)	136,839	135,915	-	-	135,915	-	924
ASETS - Childcare	-	-	104,892	-	-	104,892	109,633	-	-	109,633	-	(4,741)
Recreation	-	75,000	-	-	-	75,000	251,102	-	-	251,102	176,102	-
Community Building	-	-	-	-	-	-	87,969	-	262,031	350,000	350,000	-
First Nation Development Fund	-	-	428,996	285,767	(373,763)	341,000	29,000	-	-	29,000	(312,000)	-
Consultation	-	-	1,837,452	-	-	1,837,452	1,057,832	-	-	1,057,832	(779,620)	-
First Nation Management & Economic Development	-	-	2,055,936	-	-	2,055,936	-	-	-	-	(1,518,537)	537,399
Health Services and Medical Transportation	-	-	703,333	-	(73,439)	629,894	645,541	-	-	645,541	-	(15,647)
	2,285,876	75,000	5,519,475	285,767	(456,802)	7,709,316	6,708,161	205,000	396,888	7,310,049	-	399,267

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
SCHEDULE 2 - CONSOLIDATED EXPENDITURES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2016

	2016 \$	2015 \$
Salaries, wages and benefits	2,445,955	2,454,673
Contracted and general services	2,455,569	2,302,031
Materials, goods and utilities	1,480,964	1,380,173
Bank charges and short term interest	25,368	25,625
Interest - long term debt	95,305	182,863
Capital asset purchases	205,000	-
	6,708,161	6,345,365

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
SCHEDULE 3 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	Community Buildings & Facilities \$	Automotive Equipment \$	Office & General Equipment \$	Band Housing \$	2016 Total \$	2015 Total \$
COST:						
Balance, Beginning of Year	7,445,456	1,526,004	948,104	12,455,376	22,374,940	21,425,523
Acquisition of tangible capital assets	-	205,000	-	-	205,000	949,417
Disposal of tangible capital assets	-	-	-	-	-	-
Balance, End of Year	7,445,456	1,731,004	948,104	12,455,376	22,579,940	22,374,940
ACCUMULATED AMORTIZATION						
Balance, Beginning of year	4,166,219	1,381,986	712,079	3,697,762	9,958,046	9,137,891
Current year amortization	312,514	86,657	94,899	311,385	805,455	820,155
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, End of Year	4,478,733	1,468,643	806,978	4,009,147	10,763,501	9,958,046
NET BOOK VALUE	2,966,723	262,361	141,126	8,446,229	11,816,439	12,416,894

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

1. SCOPE OF FINANCIAL STATEMENTS

These financial statements consolidate the assets, liabilities and results of operations for Heart Lake First Nation.

Heart Lake Construction Limited Partnership, Heart Lake Truck Stop Ltd., Wapahki Energy Ltd. and Heart Lake Natural Resource Development Incorporated which are owned and controlled by Heart Lake First Nation and which are not dependent on the First Nation for their continuing operations, are included in these financial statements using the equity method as detailed in Note 6.

Heart Lake First Nation has a 25% interest in Four Lakes Precision Drilling Limited Partnership and Four Lakes Drilling Corporation and a 50% interest in Savanna Energy Limited Partnership #9. These are investments the First Nation has significant influence over and are also included in these financial statements using the equity method as detailed in Note 6.

The interest in enterprises that are not under significant influence of Heart Lake First Nation are accounted for at cost as detailed in Note 7.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Heart Lake First Nation are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Alberta. Significant aspects of the accounting policies adopted by Heart Lake First Nation are as follows:

(a) Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of goods or services and the creation of a legal obligation to pay.

(b) Cash and cash equivalents

Cash and cash equivalents include bank balances held with Peace Hills Trust, Scotiabank, and the Royal Bank of Canada.

(c) Investments

Investments are valued at the lower of cost and market value.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the asset.

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(e) Amortization

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Community Buildings and Facilities	15 Years
Automotive Equipment	5 Years
Office and General Equipment	5 Years
Band Housing	40 Years

(f) Trust Funds

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. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

A fund basis of accounting is followed. Related revenue and expenditures are grouped into funds, based upon their use.

(g) Revenue Recognition

Revenue is recorded in the period specified in the funding agreement entered into with government agencies and other organizations. Assistance received in advance of making the related expenditure is deferred.

(h) Measurement Uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amounts due from First Nation members are stated after evaluation as to their collectibility and recoverability and an appropriate allowance for doubtful accounts is provided where considered necessary. Investment in First Nation business entities is stated after evaluation as to valuation and collectibility of advances. Deferred revenue is based upon estimates of unexpended amounts and amounts required to complete specific projects. Amortization is based on the estimated useful lives of tangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in income in the periods in which they become known. Actual results could differ from those estimates.

(i) Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, investment in affiliated companies, trust funds, investments, accounts payable, deferred revenue and long term debt. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying value.

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

3. GUARANTEED INVESTMENT CERTIFICATE

In 2016 a \$250,000 (2015 - \$250,000) guaranteed investment certificate was held with Peace Hills Trust. This amount is used as security by the financial institution for the line of credit issued.

4. BANK INDEBTEDNESS

	2016 \$	2015 \$
Bank indebtedness consists of the following:		
Cheques issued in excess of bank balance	99,508	644,057
Prime + 3.00% PHT line of credit	299,911	-
	399,419	644,057

The line of credit is secured by a \$250,000 Guaranteed Investment Certificate (GIC) held by the First Nation. The line of credit has an authorized credit limit of \$400,000 and charges interest at Prime + 3.00%. As at March 31, 2016, the prime interest rate was 3.75% and there was a \$100,089 credit limit available. The line of credit is used for daily operating expenditures and may be prepaid in whole or in part anytime without penalty.

5. ACCOUNTS RECEIVABLE

	2016 \$	2015 \$
Accounts Receivable consists of:		
INAC	28,419	33,111
Health Canada	45,684	-
Other	31	32
First Nation Development Fund	108,675	108,195
Consultation Office	7,500	7,500
CMHC - Subsidies	76,220	51,130
	266,529	199,968
Loans to members	103,111	103,111
Allowance for doubtful accounts - Loans to members	(103,111)	-
	-	103,111
	266,529	303,079

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

6. INVESTMENT IN AFFILIATED COMPANIES

	2016 \$	2015 \$
(a) Investment in Heart Lake Construction Limited Partnership		
100 Class A shares - 100% ownership, at cost	100	100
Advances to (from) Heart Lake Construction LP	929,870	1,329,870
Accumulated net income at December 31, 2015	2,520,153	2,424,126
	3,450,123	3,754,096
(b) Investment in Heart Lake Truck Stop Ltd.		
100 Class A shares - 100% ownership, at cost	100	100
Advances to (from) Heart Lake Truck Stop Ltd.	37,103	169,603
Accumulated net income (loss) at March 31	136,490	28,837
	173,693	198,540
(c) Investment in Heart Lake Natural Resource Development Inc		
100 Class A shares - 100% ownership, at cost	100	100
Accumulated net earnings at March 31	-	-
	100	100
(d) Investment in Four Lakes Precision Drilling Limited Partnership		
100 Limited Units - 25% ownership, at cost	100	100
Advances (from) to Four Lakes Drilling Limited Partnership	(1,463,200)	(1,463,300)
Share of accumulated net earnings to December 31, 2015	1,499,820	1,499,820
	36,720	36,620
(e) Investment in Savanna Energy Services Limited Partnership #9 - 50% interest		
Advances to Savanna Energy Services Limited Partnership	410,000	750,000
Share of accumulated net earnings to December 31, 2015	365,938	1,236,938
	775,938	1,986,938
(f) Investment in Wapahki Energy Ltd.		
Investment in Wapahki Energy Ltd. - 100% ownership, at cost	1	-
Advances to Wapahki Energy Ltd.	685,332	-
Share of accumulated net earnings to March 31, 2016	(320,371)	-
	364,962	-
Total	4,801,536	5,976,394

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

6. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

December 31 unaudited financial information for Heart Lake Construction LP is as follows:

	December 31 2016 \$	December 31 2015 \$
Assets	9,578,146	17,205,298
Liabilities	6,128,023	12,685,198
Revenue	7,440,979	13,216,822
Net income for the year	30,797	(282,437)

March 31 unaudited financial information for Heart Lake Truck Stop Ltd. is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	623,519	689,680
Liabilities	596,928	660,743
Revenue	165,744	143,992
Net income (loss) for the year	(2,347)	244

March 31 unaudited financial information for Heart Lake Natural Resource Development Incorporated is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	127,206	167,219
Liabilities	127,106	167,119
Revenue	-	-
Net income (loss) for the year	-	-

December 31 unaudited financial information for Savanna Energy Services Limited Partnership #9 is as follows:

	December 31, 2015 \$	December 31 2014 \$
Assets	1,860,000	5,408,000
Liabilities	308,000	1,434,000
Revenue	2,188,000	4,256,000
Net income for the year	(1,742,000)	162,000

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

6. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

March 31 unaudited financial information for Wapahki Energy Ltd is as follows:

	March 31 2016 \$	March 31 2015 \$
Assets	25,058	-
Liabilities	470,013	-
Revenue	498,524	-
Net income for the year	(320,371)	-

April 30 unaudited financial information for Heart Lake First Nation Housing Society is as follows:

	April 30 2016 \$	April 30 2015 \$
Assets	652,100	652,100
Net income for the year	-	-

7. INVESTMENTS - at cost

	2016 \$	2015 \$
Investments consist of:		
(a) Pimée Well Servicing LP	874,366	874,366
(b) Investment in Heart Lake Bison Company Ltd.	10,000	10,000
(c) Investment in Seven Lakes Oilfield Services LP	623,837	623,837
	1,508,203	1,508,203

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

8. TANGIBLE CAPITAL ASSETS

		2016		2015
		\$		\$
	Cost	Accumulated	Net Book	Net Book
		Amortization	Value	Value
	\$	\$	\$	\$
Community Buildings & Facilities	7,445,456	4,478,733	2,966,723	3,279,237
Automotive Equipment	1,731,004	1,468,646	262,358	144,017
Office and General Equipment	948,104	806,978	141,126	236,025
Band Housing	12,455,376	4,009,144	8,446,232	8,757,615
	22,579,940	10,763,501	11,816,439	12,416,894

9. DEFERRED REVENUE

	2016	2015
	\$	\$
The following funds have been deferred until 2016/2017 when the funding will be utilized		
Health Canada Funding:		
- Aboriginal Head Start	58,000	-
- Public Health Nurse and CHR	15,439	-
	73,439	-
Aboriginal Skills and Employment Training Strategy (ASETS):		
- Driver training program	9,600	-
First Nation Development Funds (FNDF)		
- Community building	315,763	285,767
- Youth worker	58,000	-
	373,763	285,767
	456,802	285,767

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2016

10. LONG-TERM DEBT	2016 \$	2015 \$
Long-term debt consists of the following:		
3.5% Peace Hills Trust mortgage repayable at \$978 per month, including interest due April 2016	64	11,618
4.69% Peace Hills Trust, mortgage repayable at \$1,618 per month including interest due October 2016	162,392	174,029
2.35% CMHC mortgage repayable at \$1,318 per month including interest, matures September 2018	171,357	183,015
4.15% Peace Hills Trust mortgage repayable at \$2,319 per month including interest, matures October 2018	349,075	362,306
4.15% Peace Hills Trust mortgage repayable at \$2,373 per month including interest, matures October 2018	280,285	296,924
5.0% Royal Bank mortgage repayment at \$12,000 biweekly including interest, matures August 2017	864,981	1,127,013
1.65% CMHC mortgage repayable at \$2,074 per month including interest, matures June 2017	418,124	435,965
4.45% Peace Hills Trust mortgage repayable at \$6,453 per month, including interest, matures December 2018	1,114,916	1,142,684
8.8% GE Canada school bus loan repayable at \$2,663 per month including interest, due September 2018	71,066	95,594
	3,432,260	3,829,148
Less current portion of long-term debt	231,184	392,539
	3,201,076	3,436,609

Long-term debt is secured by:

- (a) A ministerial guarantee,
- (b) Band council resolution redirecting band funds.
- (c) 2 buses with a net book value of \$32,935

The First Nation has entered into agreements with Canada Mortgage and Housing Corporation to subsidize the average interest rates to the extent required to reduce the effective net interest rate to 2%

Interest paid on long term debt during the year amounted to \$152,712

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

	\$
2015	231,184
2016	242,599
2017	237,917
2018	232,727
2019	243,085
2020 and thereafter	2,244,748
	3,432,260

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
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11. RELATED PARTY TRANSACTIONS

During the year Heart Lake First Nation paid amounts for sub-contract and maintenance work to Heart Lake Construction Limited Partnership in the amount of \$0 (2015 - \$78,174).

During the year Heart Lake Construction Limited Partnership paid amounts to Morris Monias Trucking Ltd. for equipment rent, subcontract and related expenses totaling \$131,411. Morris Monias Trucking Ltd. is a related party as Chief Monias is the shareholder of the company.

During the year Heart Lake Construction Limited Partnership paid amounts to 1426125 Alberta Ltd. (Heart Lake Energy) for equipment rent, subcontract and related expenses totaling \$0 (2015 - \$1,449,572). 1426125 Alberta Ltd. (Heart Lake Energy) is a related party as a result of Chief Monias having an equity interest in this company.

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.

12. COMPARATIVE FIGURES

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

Mark McGillivray

HAND DELIVERED TO: _____
name
ON May 8, 2017 , mm
date initials

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