

HEART LAKE FIRST NATION
Consolidated Financial Statements
For The Year Ended March 31, 2019

HEART LAKE FIRST NATION
Financial Statements
For The Year Ended March 31, 2019

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**HEART LAKE FIRST NATION
MARCH 31, 2019**

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.

Chief

Band Administrator

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
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INDEPENDENT AUDITOR'S REPORT

To the Chief and Council
Heart Lake First Nation

Opinion

We have audited the financial statements of the Heart Lake First Nation, which comprise the statement of financial position as at March 31, 2019 and the Change in Accumulated Surplus, Statements of Operations, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Heart Lake First Nation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

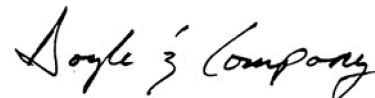
We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Edmonton, Alberta
May 10, 2021



Chartered Professional Accountants

HEART LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	226,146	159,265
Guaranteed investment certificate (Note 5)	250,000	250,000
Accounts receivable (Note 7)	822,176	720,436
Capital funds held in trust	1,065,735	1,054,960
Revenue funds held in trust	192,139	178,391
Investment in affiliated companies (Note 8)	617,274	1,902,345
Investments (Note 9)	1,508,203	1,508,203
	4,681,673	5,773,600
LIABILITIES		
Bank indebtedness (Note 6)	687,679	650,192
Accounts payable	1,784,177	1,371,592
Accounts payable - Heart Lake Construction Limited Partnership	189,216	189,216
Deferred revenue (Note 11)	212,466	111,777
Long term debt (Note 12)	2,478,804	2,731,980
	5,352,342	5,054,757
NET FINANCIAL ASSETS	(670,669)	718,843
NON-FINANCIAL ASSETS		
Deferred costs	-	45,216
Tangible capital assets (Note 10 and Schedule 3)	14,391,376	11,063,937
Prepaid social assistance	11,949	8,262
	14,403,325	11,117,415
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	12,474,782	10,602,908
EQUITY IN TRUST FUNDS	1,257,874	1,233,350
	13,732,656	11,836,258

Approved by the First Nation:

_____ Chief
 _____ Administrator

HEART LAKE FIRST NATION
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2019

	Operating Equity \$	Equity in Business Enterprises \$	Equity in Tangible Capital Assets \$	2019 Total \$	2018 Total \$
BALANCE - BEGINNING OF YEAR	368,606	1,902,345	8,331,957	10,602,908	12,681,975
Excess of expenditures over revenue	1,871,874	-	-	1,871,874	(2,079,067)
Net advances (to) from Bus. Enterprises	1,553,211	(1,553,211)	-	-	-
Net losses in Business Enterprises	260,594	(260,594)	-	-	-
Loan principal repayments during the year	(253,175)	-	253,175	-	-
Purchase of tangible capital assets	(4,307,851)	-	4,307,851	-	-
Annual amortization expense	980,412	-	(980,412)	-	-
Change in accumulated surplus	105,065	(1,813,805)	3,580,614	1,871,874	(2,079,067)
BALANCE - END OF YEAR	473,671	88,540	11,912,571	12,474,782	10,602,908

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, 2019

EQUITY IN TRUST FUNDS

	Capital \$	Revenue \$	Total \$
Balance - Beginning of year	1,054,960	178,390	1,233,350
Trust income	10,775	13,749	24,524
	1,065,735	192,139	1,257,874
Trust Funds Released	-	-	-
Balance - end of year	1,065,735	192,139	1,257,874

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2019

	2019 Budget \$	2019 Actual \$	2018 Actual \$
REVENUE			
Indigenous Services Canada (ISC)	2,523,095	2,670,061	2,117,311
Province of Alberta	-	335,000	-
First Nations and Inuit Health Canada	799,059	800,920	728,062
Aboriginal Skills and Employment Training Strategy	353,657	353,657	273,836
C.M.H.C. Subsidies	94,418	94,418	92,632
Other	-	8,892,165	4,083,857
Revenue deferred from prior year (Note 11)	-	111,777	-
Revenue deferred to following year (Note 11)	-	(212,466)	(111,777)
	3,770,229	13,045,532	7,183,921
OPERATING EXPENDITURES			
Administration	1,464,976	1,588,292	1,252,563
Education	854,623	666,642	911,596
Economic Development	-	101,373	90,312
Public Works	689,980	822,224	670,621
Social Services	523,553	558,283	346,614
Social Services - Administration	192,910	64,561	92,379
Housing	471,194	826,105	194,173
C.M.H.C. Housing	92,760	35,407	62,889
Fire Protection	67,700	67,987	84,118
ASETS - CRF/EI/FNJF	128,407	171,361	155,621
ASETS - Childcare	114,892	126,622	124,252
Recreation	-	234,051	371,790
First Nation Development Fund	-	361,471	105,031
Consultation Office	-	1,712,735	1,193,520
First Nations and Inuit Health Canada	748,859	827,490	660,356
	5,349,854	8,164,604	6,315,835
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(1,579,625)	4,880,928	868,086
Undistributed net earnings (loss) in First Nation owned companies	-	(2,028,642)	(2,151,646)
Amortization	-	(980,412)	(795,507)
	-	(3,009,054)	(2,947,153)
SURPLUS (DEFICIT) FOR THE YEAR	(1,579,625)	1,871,874	(2,079,067)

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, 2019

	2019	2018
	Actual	Actual
	\$	\$
EXCESS OF REVENUE OVER EXPENSES	1,871,874	(2,079,067)
Acquisition of tangible capital assets	(4,307,851)	(798,848)
Amortization of tangible capital assets	980,412	795,507
Surplus adjustment	-	-
Increase (decrease) in trust funds	24,524	56,507
	(3,302,915)	53,166
Use (Acquisition) of prepaid assets	(3,687)	6,742
Use (Acquisition) of deferred costs	45,216	(45,214)
	41,529	(38,472)
(DECREASE) INCREASE IN NET ASSETS	(1,389,512)	(2,064,373)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	718,843	2,783,216
NET FINANCIAL ASSETS, END OF YEAR	(670,669)	718,843

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies, trust funds and customers	13,044,481	6,813,769
Cash paid to suppliers	(7,875,270)	(7,168,437)
Interest paid	(103,904)	(108,467)
	5,065,307	(463,135)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net advances (to) from affiliated companies	(474,885)	1,099,282
Repayment of long term debt	(253,176)	(295,425)
	(728,061)	803,857
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of capital assets	(4,307,852)	(798,848)
Net (decrease) in cash	29,394	(458,126)
CASH (OVERDRAFT) - Beginning of year	(240,927)	217,199
CASH (OVERDRAFT) - End of year	(211,533)	(240,927)
Cash is comprised of:		
Cash	226,146	159,265
Guaranteed investment certificate	250,000	250,000
Bank indebtedness	(687,679)	(650,192)
	(211,533)	(240,927)

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
SCHEDULE 1- INDIVIDUAL PROGRAMS
FOR THE YEAR ENDED MARCH 31, 2019

	ISC Grants & Contributions	Contributed Funding \$	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	509,726	-	-	-	-	509,726	1,588,292	-	-	1,588,292	1,078,566	-
Education	631,649	-	-	-	-	631,649	666,642	-	12,323	678,965	47,316	-
Economic Development	51,706	-	-	-	-	51,706	101,373	-	-	101,373	49,667	-
Public Works	674,289	3,568,160	-	-	-	4,242,449	822,223	3,568,161	-	4,390,384	147,935	-
Social Services	546,245	-	-	-	-	546,245	558,283	-	-	558,283	-	(12,038)
Social Services - Administration	96,455	-	-	-	-	96,455	64,561	-	-	64,561	-	31,894
Housing	129,672	1,251,420	-	-	-	1,381,092	826,105	739,691	45,287	1,611,083	229,991	-
CMHC Housing	-	-	94,418	-	-	94,418	35,407	-	58,615	94,022	-	396
Fire Protection	30,319	-	-	-	-	30,319	67,987	-	-	67,987	-	(37,668)
ASETS - CRF/EI	-	-	142,265	-	-	142,265	171,361	-	-	171,361	-	(29,096)
ASETS - Childcare	-	-	211,392	-	-	211,392	126,622	-	-	126,622	-	84,770
Recreation	-	-	-	-	-	-	234,051	-	-	234,051	234,051	-
First Nation Development Fund	-	-	399,110	111,777	(12,466)	498,421	361,471	-	136,950	498,421	-	-
Consultation	-	-	2,506,817	-	(200,000)	2,306,817	1,712,735	-	-	1,712,735	(594,082)	-
First Nation Management & Economic Development	-	-	1,501,658	-	-	1,501,658	-	-	-	-	(1,193,444)	308,214
Health Canada Programs	-	-	800,920	-	-	800,920	827,490	-	-	827,490	-	(26,570)
	2,670,061	4,819,580	5,656,580	111,777	(212,466)	13,045,532	8,164,603	4,307,852	253,175	12,725,630	-	319,902

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, 2019

	2019 \$	2018 \$
Salaries, wages and benefits	3,156,788	2,488,012
Contracted and general services	2,801,056	2,401,090
Materials, goods and utilities	1,858,118	1,102,296
Bank charges and short term interest	244,738	233,039
Interest - long term debt	103,904	91,398
	8,164,604	6,315,835

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
SCHEDULE 3 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	Community Buildings & Facilities \$	Automotive Equipment \$	Office & General Equipment \$	Band Housing \$	2019 Total \$	2018 Total \$
COST:						
Balance, Beginning of Year	7,445,456	2,043,533	948,104	12,988,376	23,425,469	22,626,621
Acquisition of tangible capital assets	3,568,160	-	-	739,691	4,307,851	798,848
Balance, End of Year	11,013,616	2,043,533	948,104	13,728,067	27,733,320	23,425,469
ACCUMULATED AMORTIZATION						
Balance, Beginning of year	5,115,956	1,664,427	948,104	4,633,045	12,361,532	11,566,025
Current year amortization	542,950	103,507	-	333,955	980,412	795,507
Balance, End of Year	5,658,906	1,767,934	948,104	4,967,000	13,341,944	12,361,532
NET BOOK VALUE	5,354,710	275,599	-	8,761,067	14,391,376	11,063,937

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

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 8.

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 8.

The interest in enterprises that are not under significant influence of Heart Lake First Nation are accounted for at cost as detailed in Note 9.

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, 2019

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES
CONTINUED**

(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.

3. 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 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.

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

4. 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. The carrying value of the financial instruments reflected in the balance sheet approximate their respective fair market value.

Credit Risk

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The First Nation is exposed to credit risk with respect to its accounts receivable. Credit is provided to clients in the normal course of operations and the accounts receivable are assessed by the First Nation for collectibility. Uncollectible amounts are written off or provided for in the allowance for doubtful accounts.

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 First Nation is exposed to interest rate risk on bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

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

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

5. GUARANTEED INVESTMENT CERTIFICATE

In 2019 a \$250,000 (2018 - \$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.

6. BANK INDEBTEDNESS

	2019 \$	2018 \$
Bank indebtedness consists of the following:		
Cheques issued in excess of bank balance	289,713	337,919
Prime + 3.00% PHT line of credit	397,966	312,273
	687,679	650,192

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, 2019, the prime interest rate was 3.95% and there was a \$2,034 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.

7. ACCOUNTS RECEIVABLE

	2019 \$	2018 \$
Accounts Receivable consists of:		
ISC	527,321	7,730
Tribal Chief Ventures	-	180,105
Health Canada	-	76,673
Other	85	85
First Nation Development Fund	95,670	363,211
CMHC - Subsidies	187,050	92,632
	810,126	720,436
Loans to members	117,561	105,511
Allowance for doubtful accounts - Loans to members	(105,511)	(105,511)
	12,050	
	822,176	720,436

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

8. INVESTMENT IN AFFILIATED COMPANIES

	2019 \$	2018 \$
(a) Investment in Heart Lake Construction Limited Partnership		
Advances to (from) Heart Lake Construction LP	(660,216)	(772,461)
Accumulated net income at December 31, 2018	556,125	2,097,141
	(104,091)	1,324,680
(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.	(134,397)	(37,897)
Accumulated net income (loss) at March 31	259,208	198,704
	124,911	160,907
(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)	(1,463,200)
Share of accumulated net earnings to December 31, 2018	1,499,820	1,499,820
	36,720	36,720
(e) Investment in Savanna Energy Services Limited Partnership #9 - 50% interest		
Advances to Savanna Energy Services Limited Partnership	260,000	260,000
Share of accumulated net earnings to December 31, 2018	415,938	119,938
	675,938	379,938
(f) Investment in Wapahki Energy Ltd.		
Investment in Wapahki Energy Ltd. - 100% ownership, at cost	1	1
Advances to Wapahki Energy Ltd.	973,436	935,332
Share of accumulated net earnings to March 31, 2018	(1,089,741)	(935,333)
	(116,304)	-
Total	617,274	1,902,345

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2019

8. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

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

	December 31 2019 \$	December 31 2018 \$
Assets	5,488,198	6,222,155
Liabilities	5,592,289	4,897,375
Revenue	6,069,495	11,317,814
Net income for the year	(1,541,016)	(352,026)

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

	March 31 2019 \$	March 31 2018 \$
Assets	460,198	516,225
Liabilities	433,889	489,421
Revenue	105,078	90,091
Net income (loss) for the year	(495)	(247)

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

	March 31 2019 \$	March 31 2018 \$
Assets	100	39,559
Liabilities	100	39,459
Revenue	-	-
Net income (loss) for the year	-	-

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

	December 31, 2018 \$	December 31 2017 \$
Assets	1,354,000	762,000
Liabilities	2,000	2,000
Revenue	677,000	470,000
Net income for the year	592,000	8,000

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8. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

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

	March 31 2019 \$	March 31 2018 \$
Assets	83,940	6,999
Liabilities	1,360,591	11,129,242
Revenue	203,986	20,000
Net income for the year	(154,408)	(223,539)

9. INVESTMENTS - at cost

	2019 \$	2018 \$
Investments consist of:		
(a) Pimee 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

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10. TANGIBLE CAPITAL ASSETS

		2019		2018
		\$		\$
	Cost	Accumulated	Net Book	Net Book
		Amortization	Value	Value
	\$	\$	\$	\$
Community Buildings & Facilities	11,013,616	5,646,711	5,366,905	2,341,695
Automotive Equipment	2,043,532	1,767,933	275,599	379,106
Office and General Equipment	948,104	948,104	-	-
Band Housing	13,728,068	4,979,196	8,748,872	8,343,136
	27,733,320	13,341,944	14,391,376	11,063,937

11. DEFERRED REVENUE

	2019	2018
	\$	\$
The following funds have been deferred until 2019/2020 when the funding will be utilized		
Province of Alberta:		
- Solar Panels	200,000	-
First Nation Development Funds (FNDF)		
- Recreation Centre	12,466	111,777
	212,466	111,777

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12. LONG-TERM DEBT

	2019 \$	2018 \$
Long-term debt consists of the following:		
4.69% Peace Hills Trust, mortgage repayable at \$1,618 per month including interest due October 2021	123,998	137,393
2.35% CMHC mortgage repayable at \$1,339 per month including interest, renews October 2023	140,550	147,472
4.15% Peace Hills Trust mortgage repayable at \$2,335 per month including interest, matures October 2023	305,850	320,846
4.15% Peace Hills Trust mortgage repayable at \$2,384 per month including interest, matures October 2023	225,976	244,821
5.5% Royal Bank mortgage repayment at \$6,000 biweekly including interest, matures August 2021	267,759	404,709
1.65% CMHC mortgage repayable at \$2,104 per month including interest, matures August 2022	391,261	409,115
4.45% Peace Hills Trust mortgage repayable at \$6,347 per month, including interest, matures December 2023	1,023,410	1,055,301
8.8% GE Canada school bus loan repayable at \$2,663 per month including interest, due September 2018	-	12,323
	2,478,804	2,731,980
Less current portion of long-term debt	244,794	245,758
	2,234,010	2,486,222

Long-term debt is secured by:

- (a) A ministerial guarantee,
- (b) Band council resolution redirecting band funds.

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 \$103,9040

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

	\$
2019	244,794
2020	251,585
2021	120,778
2022	125,325
2023	130,060
2024 and thereafter	1,606,262
	2,478,804

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13. COMPARATIVE FIGURE

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

14. CONTINGENT LIABILITY

A claim has been made against the First Nation in the amount of \$187,980. Managements estimate of the loss, as a result of this claim, is one-half of the claim amount and a provision for this amount has been recorded in the accounts.