

HEART LAKE FIRST NATION
Consolidated Financial Statements
For The Year Ended March 31, 2020

HEART LAKE FIRST NATION

Financial Statements

For The Year Ended March 31, 2020

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**HEART LAKE FIRST NATION
MARCH 31, 2020**

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.

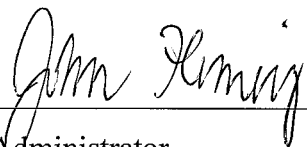
The First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately 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 generally accepted 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, 2020 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, 2020, 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.

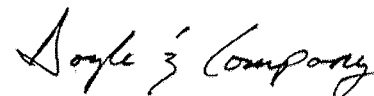
We also:

- 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
October 6, 2021



Chartered Professional Accountants

HEART LAKE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	127,952	226,146
Guaranteed investment certificate (Note 5)	250,000	250,000
Accounts receivable (Note 7)	604,429	822,176
Capital funds held in trust	1,065,825	1,065,735
Revenue funds held in trust	27,141	192,139
Investment in affiliated companies (Note 8)	425,673	617,274
Investments (Note 9)	1,508,203	1,508,203
	4,009,223	4,681,673
LIABILITIES		
Bank indebtedness (Note 6)	438,729	687,679
Accounts payable (Note 10)	2,269,332	1,784,177
Accounts payable - Heart Lake Construction Limited Partnership	189,216	189,216
Deferred revenue (Note 12)	298,850	212,466
Long term debt (Note 13)	2,213,702	2,478,804
	5,409,829	5,352,342
NET FINANCIAL ASSETS	(1,400,606)	(670,669)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11 and Schedule 3)	13,723,197	14,391,376
Prepaid social assistance	16,907	11,949
	13,740,104	14,403,325
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	11,246,532	12,474,782
EQUITY IN TRUST FUNDS	1,092,966	1,257,874
	12,339,498	13,732,656

Approved by the First Nation:



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, 2020

	Operating Equity \$	Equity in Business Enterprises \$	Equity in Tangible Capital Assets \$	2020 Total \$	2019 Total \$
BALANCE - BEGINNING OF YEAR	(55,063)	617,274	11,912,571	12,474,782	10,602,908
Excess of expenditures over revenue	(1,228,250)	-	-	(1,228,250)	1,871,874
Net advances (to) from Bus. Enterprises	201,900	(201,900)	-	-	-
Net losses in Business Enterprises	(10,299)	10,299	-	-	-
Loan principal repayments during the year	(265,102)	-	265,102	-	-
Purchase of tangible capital assets	(326,560)	-	326,560	-	-
Annual amortization expense	994,739	-	(994,739)	-	-
Change in accumulated surplus	(633,572)	(191,601)	(403,077)	(1,228,250)	1,871,874
BALANCE - END OF YEAR	(688,635)	425,673	11,509,494	11,246,532	12,474,782

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, 2020

EQUITY IN TRUST FUNDS

	Capital \$	Revenue \$	Total \$
Balance - Beginning of year	1,065,735	192,139	1,257,874
Trust income	90	35,002	35,092
	1,065,825	227,141	1,292,966
BCR DATES FUNDS PURPOSE OF			
NUMBER RELEASED EXPENDITURE			
2019-09-05-01 Oct 16, 2019 T. Days & Cultural Camp	-	50,000	50,000
2019-12-05-01 Jan 29, 2020 Christmas Bonus Program	-	150,000	150,000
Trust Funds Released	-	200,000	200,000
Balance - end of year	1,065,825	27,141	1,092,966

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
REVENUE			
Indigenous Services Canada (ISC)	2,737,882	3,036,732	2,670,061
ISC - First Nations and Inuit Health Canada	985,890	985,890	800,920
Aboriginal Skills and Employment Training Strategy	252,786	252,786	353,657
Province of Alberta	120,000	120,000	335,000
C.M.H.C. Subsidies	96,405	96,405	94,418
Band Trust Funds - Capital and Revenue	-	200,000	-
Other	1,600,000	3,305,884	4,072,585
Revenue deferred from prior year (Note 12)	200,000	212,466	111,777
Revenue deferred to following year (Note 12)	-	(298,850)	(212,466)
	5,992,963	7,911,313	8,225,952
OPERATING EXPENDITURES			
Administration	439,190	1,898,352	1,588,292
Education	666,561	912,627	666,642
Economic Development	51,707	118,433	101,373
Public Works	635,046	1,075,687	822,224
Social Services	611,004	499,279	558,283
Social Services - Administration	102,055	49,565	64,561
Housing	202,000	63,942	826,105
C.M.H.C. Housing	96,405	68,155	35,407
Fire Protection	30,319	65,639	67,987
ISETS - CRF/EI/FNJF	150,889	156,240	171,361
ISETS - Childcare	101,897	128,492	126,622
Recreation	-	320,146	234,051
Child & Family Service	-	73,233	-
First Nation Development Fund	-	428,189	361,471
Consultation Office	1,920,000	1,311,182	1,712,735
First Nations and Inuit Health Canada	985,890	985,962	827,490
	5,992,963	8,155,123	8,164,604
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	-	(243,810)	61,348
Undistributed net earnings (loss) in First Nation owned companies	-	10,299	(2,028,642)
Contributed Assets from Tribal Chief Ventures	-	-	4,819,580
Amortization	-	(994,739)	(980,412)
	-	(984,440)	1,810,526
SURPLUS (DEFICIT) FOR THE YEAR	-	(1,228,250)	1,871,874

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, 2020

	2020 Actual \$	2019 Actual \$
EXCESS OF REVENUE OVER EXPENSES	(1,228,250)	1,871,874
Acquisition of tangible capital assets	(326,560)	(4,307,851)
Amortization of tangible capital assets	994,739	980,412
Increase (decrease) in trust funds	(164,908)	24,524
	503,271	(3,302,915)
Use (Acquisition) of prepaid assets	(4,958)	(3,687)
Use (Acquisition) of deferred costs	-	45,216
	(4,958)	41,529
(DECREASE) INCREASE IN NET ASSETS	(729,937)	(1,389,512)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	(670,669)	718,843
NET FINANCIAL ASSETS, END OF YEAR	(1,400,606)	(670,669)

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from funding agencies, trust funds and customers	8,215,444	13,044,481
Cash paid to suppliers	(7,190,150)	(7,875,270)
Interest paid	(80,976)	(103,904)
	944,318	5,065,307
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net advances (to) from affiliated companies	(201,900)	(474,885)
Repayment of long term debt	(265,102)	(253,176)
	(467,002)	(728,061)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of capital assets	(326,560)	(4,307,852)
Net (decrease) in cash	150,756	29,394
CASH (OVERDRAFT) - Beginning of year	(211,533)	(240,927)
CASH (OVERDRAFT) - End of year	(60,777)	(211,533)
Cash is comprised of:		
Cash	127,952	226,146
Guaranteed investment certificate	250,000	250,000
Bank indebtedness	(438,729)	(687,679)
	(60,777)	(211,533)

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION

SCHEDULE 1- INDIVIDUAL PROGRAMS

FOR THE YEAR ENDED MARCH 31, 2020

	ISC Grants & Funding	ISC Health 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	439,190	-	150,000	-	-	589,190	1,898,352	-	-	1,898,352	813,394	(495,768)
Education	666,561	-	-	-	-	666,561	912,627	-	-	912,627	246,066	-
Economic Development	51,707	-	-	-	-	51,707	118,433	-	-	118,433	66,726	-
Public Works	795,046	-	-	-	-	795,046	1,075,687	326,560	-	1,402,247	607,201	-
Emergency Response and Management	298,850	-	-	-	(298,850)	-	-	-	-	-	-	-
Social Services	611,004	-	-	-	-	611,004	499,279	-	-	499,279	-	111,725
Social Services - Administration	102,055	-	-	-	-	102,055	49,565	-	-	49,565	-	52,490
Housing	42,000	-	-	-	-	42,000	63,942	-	33,557	97,499	55,499	-
CMHC Housing	-	-	96,405	-	-	96,405	68,155	-	86,535	154,690	-	(58,285)
Fire Protection	30,319	-	-	-	-	30,319	65,639	-	-	65,639	-	(35,320)
ISETS - CRF/EI	-	-	150,889	-	-	150,889	156,240	-	-	156,240	-	(5,351)
ISETS - Childcare	-	-	101,897	-	-	101,897	128,492	-	-	128,492	-	(26,595)
Recreation	-	-	50,000	-	-	50,000	320,146	-	-	320,146	270,146	-
Child & Family Service	-	-	-	-	-	-	73,233	-	-	73,233	-	(73,233)
First Nation Development Fund	-	-	255,670	12,466	-	268,136	428,189	-	145,010	573,199	-	(305,063)
Consultation	-	-	1,717,508	200,000	-	1,917,508	1,311,182	-	-	1,311,182	(606,326)	-
First Nation Management and Economic Development	-	-	-	-	-	-	-	-	-	-	-	-
Health Canada Programs	-	-	1,452,706	-	-	1,452,706	985,962	-	-	985,962	(1,452,706)	(72)
	3,036,732	985,890	3,975,075	212,466	(298,850)	7,911,313	8,155,123	326,560	265,102	8,746,785	-	(835,472)

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, 2020

	2020 \$	2019 \$
Salaries, wages and benefits	3,437,802	3,156,788
Contracted and general services	2,094,460	2,722,027
Materials, goods and utilities	2,290,433	1,937,147
Bank charges and short term interest	251,461	244,738
Interest - long term debt	80,967	103,904
	8,155,123	8,164,604

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
SCHEDULE 3 - TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	Community Buildings & Facilities \$	Automotive Equipment \$	Office & General Equipment \$	Band Housing \$	2020 Total \$	2019 Total \$
COST:						
Balance, Beginning of Year	11,013,616	2,043,533	948,104	13,728,067	27,733,320	23,425,469
Acquisition of tangible capital assets	326,560	-	-	-	326,560	4,307,851
Balance, End of Year	11,340,176	2,043,533	948,104	13,728,067	28,059,880	27,733,320
ACCUMULATED AMORTIZATION						
Balance, Beginning of year	5,658,906	1,767,934	948,104	4,967,000	13,341,944	12,361,532
Current year amortization	557,279	103,505	-	333,955	994,739	980,412
Balance, End of Year	6,216,185	1,871,439	948,104	5,300,955	14,336,683	13,341,944
NET BOOK VALUE	5,123,991	172,094	-	8,427,112	13,723,197	14,391,376

The accompanying notes form part of these financial statements.

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

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, 2020

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, 2020

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, 2020

5. GUARANTEED INVESTMENT CERTIFICATE

In 2020 a \$250,000 (2019 - \$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

	2020	2019
	\$	\$
Bank indebtedness consists of the following:		
Cheques issued in excess of bank balance	414,283	289,713
Prime + 3.00% PHT line of credit	24,446	397,966
	438,729	687,679

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, 2020, the prime interest rate was 3.95% and there was a \$375,554 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

	2020	2019
	\$	\$
Accounts Receivable consists of:		
Indigenous Services Canada (ISC)	251,523	527,321
Other	-	85
First Nation Development Fund	69,451	95,670
CMHC - Subsidies	283,455	187,050
	604,429	810,126
Loans to members	143,099	117,561
Allowance for doubtful accounts - Loans to members	(143,099)	(105,511)
	-	12,050
	604,429	822,176

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

8. INVESTMENT IN AFFILIATED COMPANIES

	2020 \$	2019 \$
(a) Investment in Heart Lake Construction Limited Partnership		
Advances to (from) Heart Lake Construction LP	(263,751)	(660,216)
Accumulated net income at December 31, 2019	(41,969)	556,125
	(305,720)	(104,091)
(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.	(148,177)	(134,397)
Accumulated net income (loss) at March 31	247,676	259,208
	99,599	124,911
(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, 2019	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, 2019	676,938	415,938
	936,938	675,938
(f) Investment in Wapahki Energy Ltd.		
Investment in Wapahki Energy Ltd. - 100% ownership, at cost	1	1
Advances to Wapahki Energy Ltd.	973,436	973,436
Share of accumulated net earnings to March 31	(1,315,401)	(1,089,741)
	(341,964)	(116,304)
Total	425,673	617,274

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
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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	4,916,497	5,488,198
Liabilities	5,264,193	5,592,289
Revenue	2,296,610	6,069,495
Net income for the year	(598,094)	(1,541,016)

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

	March 31 2020 \$	March 31 2019 \$
Assets	432,070	460,198
Liabilities	4,172,936	433,889
Revenue	30,068	105,078
Net income (loss) for the year	(11,532)	(495)

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

	March 31 2020 \$	March 31 2019 \$
Assets	100	100
Liabilities	100	100
Revenue	-	-
Net income (loss) for the year	-	-

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

	December 31, 2019 \$	December 31 2018 \$
Assets	776,000	1,354,000
Liabilities	2,000	2,000
Revenue	602,000	677,000
Net income for the year	522,000	592,000

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8. INVESTMENT IN AFFILIATED COMPANIES CONTINUED

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

	March 31 2020 \$	March 31 2019 \$
Assets	92,864	83,940
Liabilities	1,595,175	1,360,591
Revenue	144,246	203,986
Net income for the year	(225,660)	(154,408)

9. INVESTMENTS - at cost

	2020 \$	2019 \$
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

10. ACCOUNTS PAYABLE

	2020 \$	2019 \$
Accounts Payable consist of:		
Receiver General payable	1,458,549	1,193,876
Trade accounts payable and accruals - other	810,783	590,301
	2,269,332	1,784,177

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11. TANGIBLE CAPITAL ASSETS

		2020		2019
		\$		\$
	Cost	Accumulated	Net Book	Net Book
		Amortization	Value	Value
	\$	\$	\$	\$
Community Buildings & Facilities	11,340,176	6,203,989	5,136,187	5,366,905
Automotive Equipment	2,043,532	1,871,438	172,094	275,599
Office and General Equipment	948,104	948,104	-	-
Band Housing	13,728,068	5,313,152	8,414,916	8,748,872
	28,059,880	14,336,683	13,723,197	14,391,376

12. DEFERRED REVENUE

	2020	2019
	\$	\$
Province of Alberta:		
- Solar Panels	-	200,000
First Nation Development Funds (FNDF)		
- Recreation Centre	-	12,466
Indigenous Services Canada (ISC)		
- Emergency Response and Management	298,850	-
	298,850	212,466

HEART LAKE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
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13. LONG-TERM DEBT

	2020	2019
	\$	\$
Long-term debt consists of the following:		
4.69% Peace Hills Trust, mortgage repayable at \$1,618 per month including interest due October 2021	109,981	123,998
2.35% CMHC mortgage repayable at \$1,339 per month including interest, renews October 2023	122,128	140,550
4.15% Peace Hills Trust mortgage repayable at \$2,335 per month including interest, matures October 2023	290,354	305,850
4.15% Peace Hills Trust mortgage repayable at \$2,384 per month including interest, matures October 2023	206,436	225,976
5.5% Royal Bank mortgage repayment at \$6,000 biweekly including interest, matures August 2021	122,749	267,759
1.65% CMHC mortgage repayable at \$2,104 per month including interest, matures August 2022	372,502	391,261
4.45% Peace Hills Trust mortgage repayable at \$6,347 per month, including interest, matures December 2023	989,552	1,023,410
	2,213,702	2,478,804
Less current portion of long-term debt	183,572	244,794
	2,030,130	2,234,010

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 \$80,967

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

	\$
2019	183,572
2020	176,860
2021	125,587
2022	130,330
2023	135,270
2024 and thereafter	1,462,083
	2,213,702

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NOTES TO THE FINANCIAL STATEMENTS
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14. COMPARATIVE FIGURE

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

15. 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.

16. SUBSEQUENT EVENT

Subsequent to the year end of the financial statements, there is a global outbreak of COVID-19 (Corona Virus) which has had a significant impact on the First Nation through the restrictions put in place by the Canadian and Provincial governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus.