

POPLAR HILL FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

POPLAR HILL FIRST NATION  
MARCH 31, 2016

COUNCIL

Chief	Alice Suggashie
Deputy Chief	Howard Comber
Councillors	Phil Howe
	Gary Owen
	Jim Suggashie
	Pardemus Owen

FIRST NATION ADMINISTRATION

Band Administrator	Charlie Moose
Social Services Director	Arnold Moose
Health Director	Barbara Strang
Education Director	Donald Moose
Education Secretary	Anne Anderson

POPLAR HILL FIRST NATION  
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FOR THE YEAR ENDED MARCH 31, 2016

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POPLAR HILL FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2016

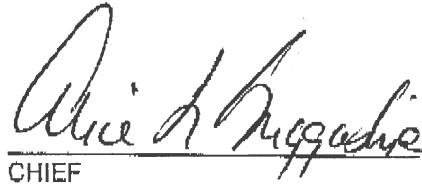
**MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Poplar Hill First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the integrity and objectivity of the financial statements. Estimates are necessary in the preparation of these financial statements and, based on careful judgments, have been properly reflected. Management has established systems of internal control, which are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for the preparation of financial information.

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

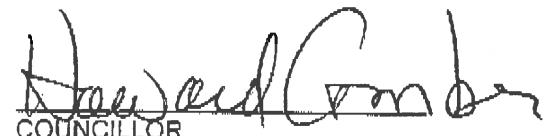
The consolidated financial statements have been audited by Holukoff Chiarella in accordance with Canadian generally accepted auditing standards on behalf of the members. Holukoff Chiarella have full and free access to Council.

  
Rick Kiggash

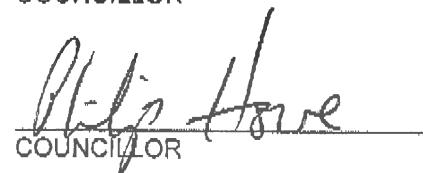
CHIEF

  
Chaka Done

ADMINISTRATOR

  
Howard Gomber

COUNCILLOR

  
Philip Howe

COUNCILLOR

# Holukoff Chiarella

CHARTERED ACCOUNTANTS

EXHIBIT "A"

Kevin Masse, B.Comm. (Hons), C.A.  
(Practising as Kevin Masse Chartered Accountant Ltd.)  
Ralph Orr, B.Comm. (Hons), C.A.  
(Practising as Ralph Orr Chartered Accountant Ltd.)

101 - 1180 Pembina Highway  
Winnipeg, Manitoba R3T 2A4  
Telephone (204) 452-6449  
Fax (204) 452-3397

## INDEPENDENT AUDITORS' REPORT

To the Chief, Councillors and Members of  
Poplar Hill First Nation

We have audited the accompanying consolidated financial statements of Poplar Hill First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations and accumulated surplus, consolidated statements of operations, consolidated statements of change in net debt and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' judgement, 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 preparation 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**

We did not observe the opening balance of fuel inventory at April 1, 2015 nor were we able to satisfy ourselves by alternative means as to the quantity and book value of fuel inventory at March 31, 2016. Since fuel inventory enters into the determination of the results of operations and changes in financial position, we were unable to determine what adjustments, if any, might be necessary to assets, annual surplus (deficit) and accumulated surplus.

The First Nation has undertaken to identify the total cost of tangible capital assets not previously recorded and any impairment or related amortization attributed to each of those assets. The full extent of these unrecorded assets and their appropriate amortization is not determinable as at the date of this audit report. As a result, we were unable to determine what further adjustments, if any, might be necessary to tangible capital assets, annual surplus and accumulated surplus.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of Poplar Hill First Nation as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

WINNIPEG, MANITOBA  
May 31, 2016.

POPLAR HILL FIRST NATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2016

EXHIBIT "B"

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash, Note 2	\$ 293,411	17,144
Investment, Note 2	17,232	297,946
Accounts receivable, Note 3	269,061	43,624
Funds, on deposit with AANDC, Note 4	<u>43,624</u>	<u>37,624</u>
Total financial assets	<u>623,328</u>	<u>352,714</u>
<b>LIABILITIES</b>		
Bank indebtedness, Note 2	62,756	62,756
Accounts payable and accrued liabilities, Note 5	654,755	1,012,455
Deferred revenue, Note 6	65,467	531,045
Obligations under Capital Lease, Note 7	32,850	32,850
Demand loan, Note 8	<u>695,645</u>	<u>1,099,957</u>
Total liabilities	<u>1,415,867</u>	<u>2,739,063</u>
NET DEBT, Exhibit "E"	<u>(792,539)</u>	<u>(2,386,349)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory, Note 9	593,420	770,411
Tangible capital assets, Note 10	<u>15,673,928</u>	<u>16,264,444</u>
	<u>16,267,348</u>	<u>17,034,855</u>
ACCUMULATED SURPLUS (DEFICIT), Exhibit "C"	<u>\$ 15,474,809</u>	<u>14,648,506</u>

APPROVED ON BEHALF OF FIRST NATION COUNCIL

  
 CHIEF  
 COUNCILLOR

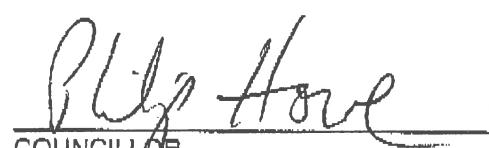
  
 ADMINISTRATOR  
 COUNCILLOR

EXHIBIT "C"

POPLAR HILL FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>		
AANDC		
Health Canada - Flexible Funding Agreement	\$ 5,433,925	6,111,403
Health Canada - Capital Funding Agreement	903,292	850,022
Provincial funding	915,328	
OFNLP	2,237,060	2,036,262
Other	838,926	855,228
	<u>2,103,643</u>	<u>1,482,581</u>
AANDC net deferred revenue	11,516,846	12,250,824
	<u>192,387</u>	<u>(192,387)</u>
	<u>11,709,233</u>	<u>12,058,437</u>
<b>EXPENSES</b>		
Band Support	706,682	773,831
Social Services	2,369,426	2,125,775
Education Authority	1,599,427	1,628,378
Power Authority	1,244,406	1,450,862
Economic Development	287,665	384,660
Public Works	1,612,745	1,917,234
Capital	1,269,715	3,225,763
OFNLP	103	1,121
Operating Programs	<u>1,202,245</u>	<u>1,130,253</u>
	<u>10,292,414</u>	<u>12,637,877</u>
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	1,416,819	(579,440)
<b>OTHER ITEMS</b>		
Transfer to tangible capital assets	597,124	2,305,219
Amortization	<u>(1,187,640)</u>	<u>(1,139,756)</u>
ANNUAL SURPLUS (DEFICIT)	826,303	586,023
ACCUMULATED SURPLUS (DEFICIT) AT BEGINNING OF YEAR	<u>14,648,506</u>	<u>14,062,483</u>
ACCUMULATED SURPLUS (DEFICIT) AT END OF YEAR	<u>\$ 15,474,809</u>	<u>14,648,506</u>

EXHIBIT "D"

POPLAR HILL FIRST NATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2016

	<u>AANDC</u>	<u>Revenue</u>	<u>Other</u>	<u>Total</u>	<u>Expenses</u>	<u>Transfers</u>	<u>Annual Surplus (Deficit)</u>
BAND SUPPORT	\$ 556,791	169,009	725,800	706,682	202,100	221,218	
SOCIAL SERVICES	618,604	1,928,950	2,547,554	2,369,426	(116,984)	61,144	
EDUCATION AUTHORITY	1,516,497	199,582	1,716,079	1,599,427		116,652	
POWER AUTHORITY	1,055,931	472,693	1,528,624	1,244,406		284,218	
ECONOMIC DEVELOPMENT	50,000	645,188	695,188	287,665	(100,000)	307,523	
PUBLIC WORKS	1,223,015	201,481	1,424,496	1,612,745	423,707	235,458	
CAPITAL	605,474	418,847	1,024,321	1,269,715	430,000	184,606	
OFNLP	838,926		838,926	103	(838,823)		
OPERATING PROGRAMS		1,202,245	1,202,245	1,202,245			
FUNDS ON DEPOSIT WITH AANDC, Note 4		6,000	6,000	6,000		6,000	
OTHER ITEMS							
Transfer to tangible capital assets							
Amortization							
ANNUAL SURPLUS (DEFICIT)							
REVENUE PER AANDC CONFIRMATION		\$ 5,433,925					
ADD: DEFERRED MARCH 31, 2015		192,387					
AANDC REVENUE REPORTED		\$ 5,626,312					
		<u>5,626,312</u>	<u>6,082,921</u>	<u>11,709,233</u>	<u>10,292,414</u>	<u>1,416,819</u>	
							597,124
							(1,187,640)
						\$ 826,303	

EXHIBIT "E"

POPLAR HILL FIRST NATION  
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
ANNUAL SURPLUS (DEFICIT), Exhibit "C"	\$ 826,303	586,023
Acquisition of tangible capital assets	(597,124)	(2,305,219)
Amortization of tangible capital assets	1,187,640	1,139,756
Change in inventory	<u>176,991</u>	<u>289,128</u>
INCREASE (DECREASE) IN NET DEBT	1,593,810	(290,312)
NET DEBT AT BEGINNING OF YEAR	<u>(2,386,349)</u>	<u>(2,096,037)</u>
NET DEBT AT END OF YEAR	<u>\$ (792,539)</u>	<u>(2,386,349)</u>

EXHIBIT "F"

POPLAR HILL FIRST NATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2016

	<u>2016</u>	<u>2015</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus (deficit)	\$ 826,303	586,023
Add non-cash item		
Amortization	1,187,640	1,139,756
Net change in financial assets/liabilities		
Accounts receivable	28,885	(144,787)
Funds on deposit with AANDC	(6,000)	(6,865)
Accounts payable and accrued liabilities	(357,700)	(148,226)
Deferred revenue	(465,578)	523,727
Change in inventory	<u>176,991</u>	<u>289,128</u>
	<u>1,390,541</u>	<u>2,238,756</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisitions of tangible capital assets	<u>(597,124)</u>	<u>(2,305,219)</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds of demand loan	600,000	1,000,000
Increase (repayments) of long term debt	<u>(1,037,162)</u>	<u>(1,143,738)</u>
	<u>(437,162)</u>	<u>(143,738)</u>
<b>NET CHANGE IN CASH POSITION</b>	356,255	(210,201)
<b>CASH POSITION AT BEGINNING OF YEAR</b>	<u>(45,612)</u>	<u>164,589</u>
<b>CASH POSITION AT END OF YEAR, Note 2</b>	<u>\$ 310,643</u>	<u>(45,612)</u>
 <b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 44,532	45,562
Interest received	88	765

**POPLAR HILL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Public Sector Accounting and Auditing handbook of the Canadian Institute of Chartered Accountants.

**a) Nature and Purpose of Organization**

The First Nation manages and administers all aspects of the Poplar Hill First Nation. The First Nation operates with a Chief and Council, who are ultimately responsible for the establishment and administration of all programs of the First Nation.

**b) Reporting Entity and Principles of Financial Reporting**

The Poplar Hill First Nation reporting entity includes the Poplar Hill First Nation government and all related entities, which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidations:

Poplar Hill First Nation Administration  
Poplar Hill Education Authority  
Obesahdekon Power Authority

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

Incorporated business entities, which are owned or controlled by the Poplar Hill First Nation Council and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. The Poplar Hill First Nation does not have any entities to report using the modified equity method.

Incorporated business entities, which are not controlled by the First Nation and are not dependent on the First Nation are recorded by the cost method. These investments are recorded by the cost method as opposed to the lower of cost or net realizable value because the net realizable value is determinable. The First Nation does not have any investments to report using the cost method.

**c) Revenue Recognition**

The First Nation follows the deferral method of accounting for revenue. Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and can be reasonably estimated and collection is reasonably assured. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the balance sheet.

Other income, primarily fees for service, are recognized upon transfer of title of the product or upon performance of the service and when collectability is reasonably assured.

**POPLAR HILL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued**

**d) Tangible Capital Assets**

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods and delivering services. The First Nation does not capitalize computer software or equipment.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artefacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

**e) Amortization**

Amortization is provided for on a straight-line basis over the expected useful life of the assets as follows. One-half of the annual amortization is charged in the year of acquisition.

Land improvements and grounds	10 years
Buildings	25 years
Furniture and equipment	5 years
Vehicles	4 years
Heavy equipment and large vehicles	10 years
Water and sewer	25 years
Fuel tanks and pumps	10 years
Power generation	20 years
Outdoor lighting	20 years

**f) Net Debt/Net Financial Assets**

The First Nation's financial statements are presented so as to highlight net debt/net financial assets as the measurement of financial position. The net debt/net financial assets of the First Nation are determined by its financial assets less its liabilities. Net financial assets are comprised of two components, non-financial assets and accumulated surplus.

**g) Inventory**

Inventory is valued at the lower of cost and net realized value. Cost is determined on a first-in first-out basis.

**POPLAR HILL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**h) Financial Instruments**

*Initial and subsequent measurement*

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, accounts receivable and fund on deposit.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities and deferred revenue, obligations under capital lease and demand loan.

*Transaction costs*

Transactions costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

**i) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flows statement comprise the following balance sheet amounts:

	<u>2016</u>	<u>2015</u>
Cash balances with banks	\$ 293,411	(62,756)
Guaranteed investment Certificates	<u>17,232</u>	<u>17,144</u>
<b>Cash and cash equivalents</b>	<b>\$ 310,643</b>	<b>(45,612)</b>

EXHIBIT "G"

POPLAR HILL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016

3. ACCOUNTS RECEIVABLE

		<u>2016</u>	<u>2015</u>
ADMINISTRATION AND HEALTH			
AANDC	- Community Economic Development Program	\$ 4,171	
	- Basic needs	20,531	
	- Special needs	1,035	
	- Fuel - Power Authority	25,000	
	- Fuel Tanks System Upgrade	<u>35,609</u>	<u>137,925</u>
		39,780	184,491
Health Canada		27,007	
Trade receivables		<u>62,281</u>	<u>70,378</u>
		<u>129,068</u>	<u>254,869</u>
SOCIAL SERVICES			
Ministry of Community and Social Services General assistance		<u>119,378</u>	<u>42,249</u>
EDUCATION			
NNEC		1,116	828
K.O.		<u>19,499</u>	
		<u>20,615</u>	<u>828</u>
TOTAL ACCOUNTS RECEIVABLE		<u>\$ 269,061</u>	<u>297,946</u>

4. FUNDS ON DEPOSIT WITH AANDC

Ottawa Trust Funds arises from monies derived from capital or revenue source as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	<u>2016</u>	<u>2015</u>
BALANCE AT BEGINNING OF YEAR	\$ 37,624	30,759
AMOUNTS PLACED ON DEPOSIT DURING THE YEAR	<u>6,000</u>	<u>6,865</u>
BALANCE AT END OF YEAR	<u>\$ 43,624</u>	<u>37,624</u>

EXHIBIT "G"

**POPLAR HILL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>2016</u>	<u>2015</u>
<b>ADMINISTRATION AND HEALTH</b>		
Profor Engineering	\$ 32,132	47,532
Fox Construction	464,099	
Finnway General Contractors	76,189	
Pritchard Industrial		69,001
CRA - source deductions	49,249	82,156
Springhill Lumber	289,512	226,304
Trade payables - other	143,013	110,234
	<u>590,095</u>	<u>999,326</u>
<b>EDUCATION AUTHORITY</b>		
Trade payables	<u>64,660</u>	<u>13,129</u>
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>\$ 654,755</b>	<b>1,012,455</b>

**6. DEFERRED REVENUE**

Funding received or receivable in the current period to be applied against subsequent period programs are recorded as deferred revenue in the financial statements.

Deferred revenue consists of the following:

	<u>Opening Balance</u>	<u>Funding Received</u>	<u>Revenue Recognized</u>	<u>Closing Balance</u>
OFNLP	\$ 2,203	860,454	838,926	23,731
Diesel Generators Rebuild	87,435		87,435	
Fuel Tanks Storage Upgrade	104,952	82,000	186,952	
Health Emergency Generators	252,529		210,793	41,736
Motel Extension	<u>83,926</u>		<u>83,926</u>	
	<b>\$ 531,045</b>	<b>942,454</b>	<b>1,408,032</b>	<b>65,467</b>

**7. OBLIGATIONS UNDER CAPITAL LEASE**

Poplar Hill First Nation entered into a capital lease with Caterpillar Financial for heavy equipment as follows:

	<u>2016</u>	<u>2015</u>
2012 Caterpillar D5K Tractor		
Principal amount \$157,338 repayable at \$3,090.29 per month for 60 months including interest at 6.9%.		
Paid in full, February 2016	\$	32,850
Current portion		<u>32,850</u>
	<u>\$</u>	<u>—</u>

EXHIBIT "G"

**POPLAR HILL FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**8. DEMAND LOAN**

	<u>2016</u>	<u>2015</u>
Bank of Montreal, operating demand loan for fuel, interest at Bank of Montreal prime rate plus 1.875%, repayable at \$99,957 per month plus interest, payments beginning June 30, 2014 and maturing April 30, 2015.	\$ 99,957	
Bank of Montreal, operating demand loan for fuel, interest at Bank of Montreal prime rate plus 2.500%, repayable at \$95,645 per month plus interest, payments beginning May 31, 2016 and maturing March 31, 2016.	95,645	1,000,000
Bank of Montreal, operating demand loan for fuel, interest at Bank of Montreal prime rate plus 3.000%, repayable at \$60,000 per month plus interest, payments beginning April 14, 2016 and maturing January 14, 2017.	600,000	
 The above loans are secured by:		
1. Band Council Resolution		
a) agreeing to contents of BMO's Commitment and acknowledging the outlined debt obligations to BMO		
b) authorizing direction of funding of AANDC and OFNLP (Casino Rama) to BMO accounts		
c) authorizing a credit report from the Bank of Nova Scotia		
d) authorizing a Chief's Certificate.		
2. Operating Demand Loan Agreement		
3. Demand Loan Non-Revolving Agreement		
4. Corporate Mastercard Agreement		
5. Copy of AANDC Funding Agreement		
	<u>\$ 695,645</u>	<u>1,099,957</u>

**9. INVENTORY**

	<u>2016</u>	<u>2015</u>
Public Works, fuel	\$ 176,570	166,985
Power Authority, fuel	400,320	545,090
Education Authority, fuel	<u>16,530</u>	<u>58,336</u>
	<u>\$ 593,420</u>	<u>770,411</u>

**POPLAR HILL FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**10. TANGIBLE CAPITAL ASSETS**

		2016				
		Cost Mar. 31/15	Additions (Disposals)	Cost Mar. 31/16	Accumulated Amortization	Net Book Value
Buildings	\$ 8,921,205	300,688	9,221,893	3,451,952	5,769,941	
Vehicles	97,383		97,383	97,383		
Equipment	6,085	10,490	16,575	4,091	12,484	
Heavy equipment and large vehicles	926,181		926,181	686,747	239,434	
Water and sewer	11,506,194		11,506,194	6,657,524	4,848,670	
Power generation	4,408,972	1,717,572	6,126,544	2,350,744	3,775,800	
Outdoor lighting	4,884		4,884	3,054	1,830	
Assets under construction						
School planning and design	<u>2,457,395</u>	<u>(1,431,626)</u>	<u>1,025,769</u>			<u>1,025,769</u>
	<b>\$ 28,328,299</b>	<b>597,124</b>	<b>28,925,423</b>	<b>13,251,495</b>	<b>15,673,928</b>	
		2015				
		Cost Mar. 31/14	Additions (Disposals)	Cost Mar. 31/15	Accumulated Amortization	Net Book Value
Buildings	\$ 8,921,205		8,921,205	3,083,076	5,838,129	
Vehicles	97,383		97,383	97,383		
Equipment	6,085		6,085	1,825	4,260	
Heavy equipment and large vehicles	926,181		926,181	594,129	332,052	
Water and sewer	11,506,194		11,506,194	6,197,277	5,308,917	
Power generation	4,408,972		4,408,972	2,087,356	2,321,616	
Outdoor lighting	4,884		4,884	2,809	2,075	
Assets under construction						
School planning and design	<u>152,176</u>	<u>2,305,219</u>	<u>2,457,395</u>			<u>2,457,395</u>
	<b>\$ 26,023,080</b>	<b>2,305,219</b>	<b>28,328,299</b>	<b>12,063,855</b>	<b>16,264,444</b>	

**11. FINANCIAL RISKS AND CONCENTRATION OF RISK**

a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The accounts receivable are due from a diverse group of companies and the government primarily concentrated to the provincial region the First Nation operates in. There has been no change to the risk exposures from 2015.

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**11. FINANCIAL RISKS AND CONCENTRATION OF RISK, continued**

**b) Liquidity risk**

Liquidity risk is the risk that the First Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nation's exposure to liquidity risk is dependent on the funding agreements, sale of services, collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. Cash flow from operations provides a substantial portion of the First Nation's cash requirements. Additional cash requirements are met with the use of the available operating line of credit financing. Management is of the opinion that liquidity risk is an ongoing risk to be dealt with but there has been no change to the risk exposures from 2015.

The First Nation's debt is structured with regularly recurring payments, secured by assets. Regularly recurring payments are required to service this debt, limiting the requirement to extinguish the debt in the short term.

**c) Currency risk**

The First Nation is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the First Nation has minimal purchases and sales denominated in U.S. dollars. The settlement of these amounts is in the short term. There has been no change to the risk exposure from 2015.

**d) Interest rate risk**

The First Nation maintains an operating line of credit and financing subject to floating rates of interest; a change in the variable rate can impact cash flow to service the debt when such debt is outstanding. There has been no change to the risk exposure from 2015 and there is expected to be no substantive change in the next fiscal period.

**12. SURPLUS (DEFICIT)**

A portion of this balance includes surpluses and/or deficits from funds contributed by government agencies. Such surpluses/deficits may be subject to repayment or recovery by the contributing agencies, depending on the terms and conditions of the relevant agreements.

**13. ECONOMIC DEPENDENCE**

The Poplar Hill First Nation receives a major portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

**14. COMPARATIVE FIGURES**

Prior year's comparative amounts have been reclassified where necessary to conform to the current period's presentation. Certain comparative figures for the previous period have not been shown as the information is considered not to be meaningful for comparison with the current period.

Budget data was included when available. The budget figures are unaudited.

EXHIBIT "G"

POPLAR HILL FIRST NATION  
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## 15. SEGMENT DISCLOSURE

	Band Support			Social Services			Education		
	<u>Budget</u>	<u>2016</u>	<u>2015</u>	<u>Budget</u>	<u>2016</u>	<u>2015</u>	<u>Budget</u>	<u>2016</u>	<u>2015</u>
<b>REVENUE</b>									
Federal government	\$ 556,791	556,791	456,315	524,630	618,604	540,307	1,342,066	1,516,497	1,504,061
Provincial government				1,629,655	1,928,950	1,650,072			
Economic activities									
Net income from investments in government		6,000	6,865						
Other revenue	<u>976,000</u>	<u>1,007,935</u>	<u>967,158</u>						
<b>TOTAL REVENUE</b>	<u>1,532,791</u>	<u>1,570,726</u>	<u>1,430,338</u>	<u>2,154,285</u>	<u>2,547,554</u>	<u>2,195,335</u>	<u>1,506,188</u>	<u>1,716,079</u>	<u>1,636,363</u>
<b>EXPENSES</b>									
Honoraria - Chief and Councillors	450,000	427,656	463,295						
- Elders and Board Members	113,000	112,754	111,538	265,390	268,125	262,241	1,117,245	1,143,345	1,139,904
Wages and benefits		1,187,640	1,139,756						
Amortization			(597,124)	(2,305,219)					
Tangible capital assets									
Interest	<u>201.731</u>	<u>166,375</u>	<u>200,119</u>	<u>1,770,910</u>	<u>2,101,301</u>	<u>1,863,534</u>	<u>311,885</u>	<u>368,139</u>	<u>391,048</u>
<b>TOTAL EXPENSES</b>	<u>764,731</u>	<u>1,297,301</u>	<u>(390,511)</u>	<u>2,036,300</u>	<u>2,369,426</u>	<u>2,125,775</u>	<u>1,517,240</u>	<u>1,599,427</u>	<u>1,628,378</u>
<b>SURPLUS (DEFICIT) BEFORE TRANSFERS</b>	768,060	273,425	1,820,849	117,985	178,128	69,560	(11,052)	116,652	7,985
<b>TRANSFERS</b>	<u>(649,700)</u>	<u>(636,723)</u>	<u>(754,107)</u>	<u>(216,984)</u>	<u>(116,984)</u>	<u>(85,941)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 118,360</b>	<b>(363,298)</b>	<b>1,066,742</b>	<b>(98,999)</b>	<b>61,144</b>	<b>(16,381)</b>	<b>(11,052)</b>	<b>116,652</b>	<b>7,985</b>

**POPLAR HILL FIRST NATION**  
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## 15. SEGMENT DISCLOSURE, continued

	Power Authority			Economic Development			Public Works		
	Budget	2016	2015	Budget	2016	2015	Budget	2016	2015
<b>REVENUE</b>									
Federal government	\$ 680,862	1,055,931	475,000	50,000	50,000	50,000	1,223,015	1,223,015	1,242,333
Provincial government							69,997	69,997	69,997
Economic activities									
Net income from investments in government									
Other revenue	<u>500,000</u>	<u>472,693</u>	<u>555,255</u>						
							<u>90,000</u>	<u>131,484</u>	<u>134,726</u>
<b>TOTAL REVENUE</b>	<u>1,180,862</u>	<u>1,528,624</u>	<u>1,030,255</u>	<u>520,000</u>	<u>695,188</u>	<u>586,659</u>	<u>1,383,012</u>	<u>1,424,496</u>	<u>1,447,056</u>
<b>EXPENSES</b>									
Honoria- Chief and Councillors									
- Elders and Board Members									
Wages and benefits	120,000	114,354	121,030	118,000	123,628	117,810	759,574	781,485	734,829
Amortization									
Tangible capital assets									
Interest									
Other expenses									
<b>TOTAL EXPENSES</b>	<u>40,000</u>	<u>44,532</u>	<u>46,562</u>	<u>219,000</u>	<u>164,037</u>	<u>266,850</u>	<u>980,000</u>	<u>831,260</u>	<u>1,182,405</u>
<b>SURPLUS (DEFICIT) BEFORE TRANSFERS</b>	<b>(230,138)</b>	<b>284,218</b>	<b>420,607</b>	<b>183,000</b>	<b>407,523</b>	<b>201,999</b>	<b>(356,562)</b>	<b>(188,249)</b>	<b>(470,178)</b>
<b>TRANSFERS</b>	<b>249,700</b>	<b>—</b>	<b>404,107</b>	<b>—</b>	<b>(100,000)</b>	<b>(218,000)</b>	<b>316,984</b>	<b>423,707</b>	<b>235,941</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 19,562</b>	<b>284,218</b>	<b>(16,500)</b>	<b>183,000</b>	<b>307,523</b>	<b>(16,001)</b>	<b>(39,578)</b>	<b>235,458</b>	<b>(234,237)</b>

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## 15. SEGMENT DISCLOSURE, continued