
POPLAR RIVER FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

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POPLAR RIVER FIRST NATION

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MARCH 31, 2016

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Collins Barrow HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Poplar River First Nation and meet when required.

John Hunter
Chief

Councillor

J. D. Danner
Councillor

Councillor

T. Green
Councillor

Councillor

Perry Daniels
Councillor

Councillor



INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
Poplar River First Nation

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We have audited the accompanying consolidated financial statements of Poplar River First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net debt and 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 consolidated financial statements are free of 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Poplar River First Nation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of Poplar River First Nation for the year ended March 31, 2015 were audited by another Chartered Professional Accounting firm who expressed a qualified opinion on October 29, 2015.

Collins Barrow HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
December 7, 2016



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POPLAR RIVER FIRST NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2016

2015

(Restated)

FINANCIAL ASSETS

Restricted cash (Note 3)	\$ 334,259	\$ 575,554
Short term investment	77,100	
Accounts receivable (Note 4)	541,870	804,241
Inventory held for sale	52,511	44,198
Long term investments (Note 6)	<u>3,500,961</u>	<u>3,475,572</u>
	<u>4,506,701</u>	<u>4,899,565</u>

LIABILITIES

Bank indebtedness (Note 5)	1,026,182	528,916
Accounts payable and accrued liabilities (Note 7)	1,285,935	2,044,882
Deferred revenue (Note 8)	634,541	283,754
Long term debt (Note 9)	<u>6,296,304</u>	<u>6,819,261</u>
	<u>9,242,962</u>	<u>9,676,813</u>

NET DEBT (4,736,261) (4,777,248)

NON-FINANCIAL ASSETS

Tangible capital assets (Note 10)	23,902,267	24,520,633
Prepaid expense	<u>65,205</u>	<u>5,542</u>
	<u>23,967,472</u>	<u>24,526,175</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 19,231,211</u>	<u>\$ 19,748,927</u>

CONTINGENT LIABILITIES (Note 12)

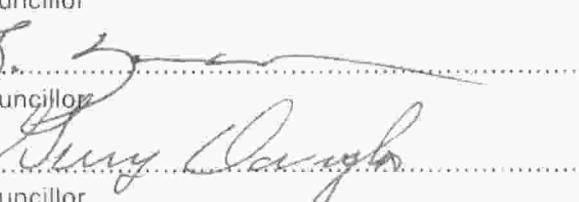
Approved on behalf of Chief and Council


Chief

Councillor


Councillor

Councillor


Councillor

Councillor

POPLAR RIVER FIRST NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2016	2015 (Restated)
REVENUE		
Indigenous and Northern Affairs Canada	\$ 8,827,783	\$ 8,806,625
Indigenous and Northern Affairs Canada - funding recoveries	(76,695)	(171,175)
First Nations and Inuit Health	1,615,576	1,642,267
First Nations and Inuit Health - funding recoveries		(72,450)
Canada Mortgage and Housing Corporation	174,349	152,202
Southeast Resource Development Council Corp.	741,191	883,868
Income from government business partnerships and enterprise	773,420	632,216
Other revenue	540,050	380,996
Tobacco tax rebates	384,640	211,445
Rental income	286,970	125,106
East Side Road Authority	168,584	147,104
Norwin Construction	154,668	139,295
Fuel farm	90,156	105,096
Arena	31,420	70,000
Interest income	2,486	3,376
Shawano Consulting Services Ltd.		1,786,358
Deferred revenue - prior year	283,754	322,957
Deferred revenue - subsequent year	(634,541)	(283,754)
	<u>13,363,811</u>	<u>14,881,532</u>
EXPENDITURES		
Band Governance	2,198,696	1,818,594
Community Health and Wellness	1,933,632	1,352,336
Community Infrastructure and Capital Projects	2,406,123	2,371,135
Economic Development	364,189	1,307,388
Education	3,948,030	4,124,789
Housing and Lodging	525,337	1,020,598
Land Management	68,004	81,696
Social Assistance	2,305,831	2,173,100
Training and Development	131,685	70,053
	<u>13,881,527</u>	<u>14,319,689</u>
ANNUAL SURPLUS (DEFICIT)	(517,716)	561,843
ACCUMULATED SURPLUS, <i>beginning of year, as previously stated</i>	19,734,067	19,187,084
Prior period adjustment <i>(Note 18)</i>	<u>14,860</u>	-
ACCUMULATED SURPLUS, <i>beginning of year, as restated</i>	<u>19,748,927</u>	<u>19,187,084</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ 19,231,211	\$ 19,748,927

POPLAR RIVER FIRST NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2016	2015 (Restated)
Annual surplus (deficit)	\$(517,716)	\$ 561,843
Acquisition of tangible capital assets	(493,252)	(2,688,506)
Amortization of tangible capital assets	<u>1,111,618</u>	<u>1,521,387</u>
	<u>618,366</u>	<u>(1,167,119)</u>
Acquisition of prepaid expenses	(65,205)	(5,542)
Use of prepaid expenses	<u>5,542</u>	<u>2,436</u>
	<u>(59,663)</u>	<u>(3,106)</u>
CHANGE IN NET DEBT FOR YEAR	<u>40,987</u>	<u>(608,382)</u>
NET DEBT, <i>beginning of year</i> , as previously stated	(4,792,108)	(4,168,866)
Prior period adjustment (<i>Note 18</i>)	<u>14,860</u>	-
NET DEBT, <i>beginning of year</i> , as restated	<u>(4,777,248)</u>	<u>(4,168,866)</u>
NET DEBT, <i>end of year</i>	<u>\$(4,736,261)</u>	<u>\$(4,777,248)</u>

POPLAR RIVER FIRST NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

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CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from Indigenous and Northern Affairs Canada	\$ 9,248,327	\$ 9,071,441
Cash received from other sources	4,728,642	6,644,990
Cash paid to suppliers and employees	(13,479,601)	(12,323,169)
Interest on long term debt	(117,231)	(214,985)
	<u>380,137</u>	<u>3,178,277</u>

CAPITAL ACTIVITIES

Acquisition of tangible capital assets	(493,252)	(2,688,506)
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INVESTING ACTIVITIES

Redemption (purchase) of term deposit	(77,100)	17,784
Change in long term investments	(25,389)	17,784
	<u>(102,489)</u>	<u>17,784</u>

FINANCING ACTIVITIES

Proceeds from long term debt	410,352	1,883,284
Repayment of long term debt	(933,309)	(1,517,308)
	<u>(522,957)</u>	<u>365,976</u>

CHANGE IN CASH (BANK INDEBTEDNESS) DURING YEAR

CASH (BANK INDEBTEDNESS), <i>beginning of year</i>	<u>46,638</u>	(826,893)
CASH (BANK INDEBTEDNESS), <i>end of year</i>	<u>\$ (691,923)</u>	<u>\$ 46,638</u>

Cash (bank indebtedness) consists of:

Restricted cash	\$ 334,259	\$ 575,554
Bank indebtedness	(1,026,182)	(528,916)
	<u>\$ (691,923)</u>	<u>\$ 46,638</u>

POPLAR RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

1. OPERATIONS

The Poplar River First Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its members. The Poplar River First Nation financial reporting entity includes all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements are the representations of management and have been prepared in accordance with Canadian public sector accounting standards prescribed for governments, as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, which encompasses the following principles.

Sources of revenue and expenditures 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 the receipt of goods or services and the creation of a legal obligation to pay.

REPORTING ENTITY

The consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of the First Nation.

These consolidated financial statements combine the assets, liabilities, revenue and expenditures of the following entities and departments:

- Asatiwisipe Construction Inc.
- Poplar River Development Corporation
- Poplar River First Nation Goverment
- Poplar River First Nation Housing Authority

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Business entities owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations and government partnerships are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the business entity's accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Negginan Fishing Station Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ASSET CLASSIFICATION

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

RESTRICTED CASH

Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

SHORT TERM INVESTMENT

Short term investment is carried at the lower of cost and market value and consists of a term deposit with First Nations Bank of Canada in the amount of \$77,100, bearing interest at 0.1%, which matures November 2, 2016.

INVENTORY HELD FOR SALE

Inventory held for sale consists of fuel and is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS

The investment in the government business partnerships is accounted for in accordance with the modified equity method. The Nation's investment in government business partnerships is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and withdrawals.

NET DEBT

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

NON-FINANCIAL ASSETS

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the First Nation unless they are sold.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2016****2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******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 or delivering services.

Tangible capital assets acquired are reported at net book value. Contributions received to assist in the acquisition of tangible capital assets are reported as deferred revenue and amortized at the same rate as the related asset.

Assets under construction are not amortized until the asset is available to be put into service.

Amortization of tangible capital assets is provided for on a straight line basis, over the expected useful lives of the assets as follows:

Community buildings	25 years
Housing	25 years
Infrastructure	25-40 years
Office equipment	5 years
Vehicles	5 -10 years

Amortization is computed at one-half of the annual amortization in the year of tangible capital asset acquisition.

LONG-LIVED ASSETS

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations and accumulated surplus for the year in which the asset becomes impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUErecognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfer revenue which includes Indigenous and Northern Affairs Canada, First Nations and Inuit Health and Canada Mortgage and Housing Corporation is recognized as revenue when the transfer is authorized and any eligibility criteria under the terms of the applicable funding agreement are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

Income from government business partnerships is recognized in accordance with the modified equity method of accounting for the investment and corresponds to the First Nation's proportionate share of the government business partnership's net surplus earned during the year.

Tobacco tax rebates are recognized when the rebates have been earned from the Province of Manitoba.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

EMPLOYEE FUTURE BENEFITS

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution pension plan are expensed as incurred.

SEGMENTS

The First Nation conducts its business through nine reportable segments as identified in Note 16. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Basis of Presentation and Summary of Significant Accounting Policies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS

Financial instruments include restricted cash, short-term investments, accounts receivable, inventory held for sale, long term investments, bank indebtedness, accounts payable and accrued liabilities, deferred revenue and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

FAIR VALUE

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying values as presented in financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the year in which it becomes known. For long term investments and long term debt it is not practicable within the constraints of timeliness or cost to determine the fair value with sufficient reliability because these financial instruments are not traded in an organized financial market.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenditures during the reporting year.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations and accumulated surplus in the year in which they become known.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

3. RESTRICTED CASH

OTTAWA TRUST FUND

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other First Nation tangible capital assets. Capital trust monies are expended on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Chief and Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue Fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended under the provisions of sections 63 to 69 the Indian Act.

CMHC REPLACEMENT RESERVE

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve is to be credited with an annual allocation of \$30,710. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2016, there was an accumulated balance of \$102,287 (March 31, 2015 - \$125,041) for this reserve, \$86,262 (March 31, 2015 - \$61,979) in the replacement reserve bank account and \$16,025 (March 31, 2015 - \$63,062) remains unfunded and due from operating.

EAST SIDE ROAD AUTHORITY

The First Nation has a chequing account that requires a co-signature from a representative of the Province of Manitoba's East Side Road Authority. As at March 31, 2016, funds held in this account have been restricted for the purpose of the construction of a highway adjacent to the east side of Lake Winnipeg.

At the end of the year, the restricted cash consisted of the following balances:

	2 0 1 6	2 0 1 5
Ottawa Trust Fund	\$ 71,032	\$ 68,746
CHMC Replacement Reserve	86,262	94,968
East Side Road Authority	<u>176,965</u>	<u>411,840</u>
	<u><u>\$ 334,259</u></u>	<u><u>\$ 575,554</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

4. ACCOUNTS RECEIVABLE

	2 0 1 6	2 0 1 5
Indigenous and Northern Affairs Canada	\$ 92,938	\$ 513,482
First Nations and Inuit Health	17,220	260
Advances to community members	911,698	817,017
Trade accounts receivable	356,068	189,600
Negginan Fishing Station Limited	212,051	149,743
Loans for economic development	85,482	79,687
Shawano Wapunong Building Inc.	60,111	60,111
Community church	28,416	28,416
Good and services tax receivable (payable)	(12,883)	9,948
Allowance for doubtful accounts	<u>(1,209,231)</u>	<u>(1,044,023)</u>
	<u><u>\$ 541,870</u></u>	<u><u>\$ 804,241</u></u>

5. BANK INDEBTEDNESS

	2 0 1 6	2 0 1 5
General operating line of credit	\$ 998,022	\$ 336,842
Group home bank account	13,980	167,640
Social services bank account	<u>14,180</u>	<u>24,434</u>
	<u><u>\$ 1,026,182</u></u>	<u><u>\$ 528,916</u></u>

The general operating line of credit was authorized to a maximum of \$150,000 as of March 31, 2016 (March 31, 2015 - \$150,000), bearing interest at the rate of prime plus 1.90% (March 31, 2015 prime plus 1.90%), due monthly. The balance of the general operating line of credit as of March 31, 2016 includes outstanding cheques of \$258,948 (March 31, 2015 - \$38,045). The general operating line of credit is secured by a general security agreement, a Band Council Resolution authorizing the debt and a letter of direction to pay, acknowledged by the Minister of Indigenous and Northern Affairs Canada.

The Group home account balance as of March 31, 2016 consists of outstanding cheques of \$1,377 (March 31, 2015 - \$157,962) with an overdraft of \$12,603 (March 31, 2015 - \$9,678). The Group home line of credit was authorized to a maximum of \$35,000 as of March 31, 2016 (March 31, 2015 - nil), bearing interest at the rate of prime plus 2.20%, due monthly.

The Social services account balance as of March 31, 2016 consists of outstanding cheques of \$13,901 (March 31, 2015 - \$26,920) with an overdraft of \$279 (March 31, 2015 - nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

6. LONG TERM INVESTMENTS

The First Nation's investment in South Beach Casino Limited Partnership represents a one-seventh ownership that was established for the purpose of operating a casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba. The First Nation's investment in the Asatiwisipe/Baudry business partnership at 51% was established for the purpose of completing the construction of a highway adjacent to the east side of Lake Winnipeg. The First Nation's investment in Negginan Fishing Station Limited was established for the purposes of commercial fishing.

Summary information for South Beach Casino Limited Partnership has not been disclosed due to the sensitive nature of the information. Summary financial information for the Asatiwisipe/Baudry business partnership and Negginan Fishing Station Limited (which is accounted for using the modified equity method) for their respective year-ends are as follows:

	Negginan Fishing Station Limited, as at December 31, 2015	Asatiwisipe/ Baudry business partnership, as at March 31, 2016	2016	2015
Assets				
Cash	\$ 44,122	\$ 12,726	\$ 56,848	\$ 9,764
Restricted cash on deposit with ACI		209,069	209,069	
Accounts receivable				1,159,807
Inventory	1,259		1,259	1,259
Tangible capital assets	<u>163,405</u>	<u>83,300</u>	<u>246,705</u>	<u>175,777</u>
	<u>\$ 208,786</u>	<u>\$ 305,095</u>	<u>\$ 513,881</u>	<u>\$ 1,346,607</u>
Liabilities				
Bank indebtedness	\$ 7,227	\$ 7,227	\$ 7,227	\$ 22,869
Accounts payable and accruals	<u>242,569</u>	<u>54,176</u>	<u>296,745</u>	<u>1,272,481</u>
	<u>\$ 249,796</u>	<u>\$ 54,176</u>	<u>\$ 303,972</u>	<u>\$ 1,295,350</u>
Net financial assets (net debt), end of year	<u>\$ (41,010)</u>	<u>\$ 250,919</u>	<u>\$ 209,909</u>	<u>\$ 51,257</u>
Total revenue	\$ 1,214,855	\$ 4,845	\$ 1,219,700	\$ 2,159,710
Total expenses	<u>1,223,641</u>	<u>82,022</u>	<u>1,305,663</u>	<u>2,047,257</u>
	<u>\$ (8,786)</u>	<u>\$ (77,177)</u>	<u>\$ (85,963)</u>	<u>\$ 112,453</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 6	2 0 1 5 (Restated)
Indigenous and Northern Affairs Canada	\$ 238,095	\$ 171,175
First Nations and Inuit Health	40,703	40,703
Trade accounts payables	735,851	1,303,263
Road construction payables	271,184	421,039
Pension and employee benefits payable	102	13,949
Payroll accrual	-	94,753
	<u>\$ 1,285,935</u>	<u>\$ 2,044,882</u>

8. DEFERRED REVENUE

	2 0 1 6	2 0 1 5 (Restated)
Indigenous and Northern Affairs Canada	\$ 154,115	\$ 46,677
First Nations and Inuit Health	454,830	237,077
Province of Manitoba - Conversation and Water Stewardship	<u>25,596</u>	-
	<u>\$ 634,541</u>	<u>\$ 283,754</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

9. LONG TERM DEBT

	2 0 1 6	2 0 1 5
First Nations Bank of Canada vehicle loan, 5.20%, repayable in monthly instalments of \$4,786 including interest, matures February 1, 2021, secured by a general security agreement.	\$ 256,111	\$
Southeast Resource Development Council Corporation equipment loan, 7.00%, repayable in monthly instalments of \$5,123 including interest, matures September 1, 2018.	137,952	
First Nations Bank of Canada demand loan, 3.09%, repayable in monthly instalments of \$6,095 including interest, renews January 1, 2020, matures January 1, 2030, secured by a general security agreement.	809,820	855,840
CMHC mortgage, 2.56%, repayable in monthly instalments of \$3,914 including interest, renews May 1, 2016, matures November 1, 2025, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	402,061	438,262
CMHC mortgage, 1.62%, repayable in monthly instalments of \$4,564 including interest, renews March 1, 2018, matures March 1, 2033, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	813,786	855,022
CMHC mortgage, 1.98%, repayable in monthly instalments of \$1,622 including interest, renews May 1, 2019, matures April 1, 2029, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	224,298	239,168
First Nations Bank of Canada mortgage, 3.19%, repayable in monthly instalments of \$2,169 including interest, renews February 1, 2020, matures February 1, 2035, secured by a general security agreement.	322,733	335,012
CMHC mortgage, 1.83%, repayable in monthly instalments of \$2,291 including interest, renews December 1, 2019, matures November 1, 2034, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	434,750	454,108
First Nations Bank of Canada term loan, 5.0%, repayable in monthly instalments of \$718 including interest, matures December 1, 2018, secured by a general security agreement.	22,076	29,385
CMHC mortgage, 1.01%, repayable in monthly instalments of \$2,027 including interest, renews February 1, 2021, matures February 1, 2036, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.	438,703	455,309
First Nations Bank of Canada term loan, 5.0%, repayable in monthly instalments of \$7,195 plus interest, renews November 1, 2016, matures November 1, 2031, secured by a general security agreement.	1,021,247	1,063,037

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MARCH 31, 2016

9. LONG TERM DEBT *(continued)*

First Nations Bank of Canada term loan, prime plus 2.75%, repayable in annual instalments of \$328,300 including interest, matures May 1, 2016, secured by a general security agreement.

200,825

529,123

First Nations Bank of Canada term loan, 5.0%, repayable in monthly instalments of \$19,259 plus interest, renews April 1, 2016, matures April 1, 2018, secured by a general security agreement.

682,475

1,016,062

CMHC mortgage, 0.98%, repayable in monthly instalments of \$2,063 including interest, renews March 1, 2020, matures March 1, 2040, secured by a ministerial guarantee by the Government of Canada and assignment of fire insurance.

529,467

548,933

\$ 6,296,304\$ 6,819,261

The scheduled principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2017	\$ 843,443
2018	654,026
2019	618,433
2020	372,434
2021	384,693

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions/ Disposals	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2016	Total 2015
Community buildings	\$ 12,335,076		\$ 12,335,076	\$ 5,572,290	\$ 270,511	\$ 5,842,801	\$ 6,492,275	\$ 6,762,786
Housing	19,842,937		19,842,937	11,314,714	341,129	11,655,843	8,187,094	8,528,223
Infrastructure	14,400,431	33,000	14,433,431	5,721,232	347,168	6,068,400	8,365,031	8,679,199
Office equipment	191,341		191,341	164,740	5,320	170,060	21,281	26,601
Vehicles	1,361,358	493,252	1,854,610	870,534	147,490	1,018,024	836,586	490,824
Work in progress	33,000	(33,000)	-	-	-	-	-	33,000
	<u>\$ 48,164,143</u>	<u>\$ 493,252</u>	<u>\$ 48,657,395</u>	<u>\$ 23,643,510</u>	<u>\$ 1,111,618</u>	<u>\$ 24,755,128</u>	<u>\$ 23,902,267</u>	<u>\$ 24,520,633</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

11. ACCUMULATED SURPLUS

	2 0 1 6	2 0 1 5 (Restated)
Accumulated deficit from operations	\$(2,731,507)	\$(2,637,863)
Equity in tangible capital assets	18,288,438	18,717,431
Equity in long term investments	3,500,961	3,475,572
Equity in funds held in trust	71,032	68,746
Replacement reserve	<u>102,287</u>	<u>125,041</u>
	<u><u>\$ 19,231,211</u></u>	<u><u>\$ 19,748,927</u></u>

12. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their funding agreements. At this time, it was not yet determined to what extent any funding amounts related to the fiscal year ended March 31, 2016 might be recovered.

Indigenous and Northern Affairs Canada has confirmed that \$56,440 and \$17,710 from the fiscal year ended March 31, 2009 might be recovered. No repayment terms have been determined at this time and no accrual has been made.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

13. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA REVENUE

	2 0 1 6	2 0 1 5
Agreement #1516-MB-000038 (MANITOBA)	\$ 8,769,700	\$ 8,806,625
Add: 2014-2015 tuition agreement funding adjustment	<u>58,083</u>	<u>-</u>
Total INAC revenue per financial statements	<u><u>\$ 8,827,783</u></u>	<u><u>\$ 8,806,625</u></u>

14. ECONOMIC DEPENDENCE

Poplar River First Nation receives a majority of its revenue from Indigenous and Northern Affairs Canada (INAC) and First Nations Inuit Health (FNIH) pursuant to funding arrangements with the Government of Canada. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by the funding arrangements.

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the First Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the First Nation and its related entities, aggregate revenue and expenditures derived from related party transactions is not determinable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

16. SEGMENTS

The First Nation has nine reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Band Governance - activities includes the governance function relating to decisions that define expectations, grant power or verify performance consisting of decision-making and leadership processes.

Community Health and Wellness - activities include the delivery of programs to promote community health and to address environmental issues and non-insured health benefits.

Community Infrastructure and Capital Projects - activities include the planning, managing and delivery of large scale infrastructure and capital projects to the community.

Economic Development - benefits include better access to more and larger businesses and business opportunities both within and beyond the community and a better economic environment.

Education - activities include overseeing many aspects of educational opportunities for community members at all levels of learning both within the community and externally.

Housing and Lodging - activities include the provision of residential housing/lodging opportunities for community members and protection and care by experienced employees to those community members who can no longer care for themselves.

Land Management - benefits include greater use of land resources under the control of the community and better access to land and resources beyond the control of the community.

Social Assistance - activities include satisfying the economic, social or health related needs of community members who require assistance.

Training and Development - activities include the delivery of culturally sensitive employment services to assist community members in identifying and overcoming potential barriers to employment and to find and maintain meaningful employment.

17. COMPARATIVE FIGURES

Certain prior year comparative amounts have been reclassified where necessary to conform to the financial statement presentation adopted for the current year.

18. PRIOR PERIOD ADJUSTMENT

During the year, Poplar River First Nation determined that annual rent for office space in the amount of \$14,860 was not being charged to the Community Health and Wellness segment by the Community Infrastructure and Capital Projects segment. The retroactive application of this adjustment has resulted in an increase in accounts payable and accrued liabilities of \$40,703 and a decreases in deferred revenue of \$55,563 and net debt of \$14,860 as at March 31, 2015 and an increase in First Nations and Inuit Heath - funding recoveries of \$40,703, a decrease in revenue deferred to subsequent year of \$55,563 and an increase in annual surplus of \$14,860 for the year ended March 31, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

19. EXPENSES BY OBJECT

	2 0 1 6	2 0 1 5
Allowances	\$ 421,554	\$ 588,577
Amortization	1,111,618	1,521,387
Annual payout	200,966	191,184
Bank charges and interest	117,231	95,229
Insurance	366,759	359,291
Interest on long term debt	146,581	214,985
Other	1,364,172	1,531,360
Professional fees	297,192	204,185
Rental	31,487	38,907
Repairs and maintenance	831,081	617,409
Salaries and benefits	4,971,089	4,834,057
Social assistance	2,159,704	2,092,869
Supplies	538,885	700,310
Training and workshops	53,124	14,250
Travel	437,371	522,473
Tuition	472,493	518,408
Utilities	<u>360,220</u>	<u>274,808</u>
	<u><u>\$ 13,881,527</u></u>	<u><u>\$ 14,319,689</u></u>

20. BUDGET FIGURES

The First Nation has not completed a budget for the March 31, 2016 fiscal year. Accordingly, budget figures are not presented in these consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

21. SEGMENT DISCLOSURE

Poplar River First Nation provides a range of services to its community members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the Basis of Presentation and Summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

	BAND GOVERNANCE		COMMUNITY HEALTH AND WELLNESS		COMMUNITY INFRASTRUCTURE AND CAPITAL PROJECTS		ECONOMIC DEVELOPMENT		EDUCATION	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Revenue:									
Federal Government										
INAC	\$ 675,907	\$ 755,151	\$ 14,000	\$ 85,230	\$ 1,471,251	\$ 1,546,763			\$ 4,206,553	\$ 4,040,925
FNIH			1,615,576	1,625,767		16,500				
CMHC	—	—	—	—	—	—	—	—	—	—
Subtotal	675,907	755,151	1,629,576	1,710,997	1,471,251	1,563,263	—	—	4,206,553	4,040,925
Funding recoveries	(453)			(72,450)	(9,323)					
Other revenue	1,562,760	305,305	557,696	90,000	468,258	64,206	181,659	3,157,196	60,368	54,798
Deferred revenue	—	—	(217,753)	(102,882)	(107,438)	(46,677)	—	—	—	—
Total revenue	2,238,214	1,060,456	1,969,519	1,625,665	1,822,748	1,580,792	181,659	3,157,196	4,266,921	4,095,723
Expenditures:										
Amortization	152,810	126,920		673,879	1,149,159	137,192	71,454			
Debt servicing	37,567			3,647	155,326					52,357
Other	1,410,784	836,036	698,932	445,101	1,247,593	773,484	111,946	1,107,782	1,668,542	2,067,481
Salaries and benefits	597,535	855,638	1,234,700	907,235	481,004	293,166	115,051	128,152	2,227,131	2,057,308
Total expenditures	2,198,696	1,818,594	1,933,632	1,352,336	2,406,123	2,371,135	364,189	1,307,388	3,948,030	4,124,789
Annual surplus (deficit) before transfers	39,518	(758,138)	35,887	273,329	(583,375)	(790,343)	(182,530)	1,849,808	318,891	(29,066)
Transfers	56,223	742,354	(56,223)	(422,400)	(18,312)	(77,059)	—	—	—	(181,448)
Annual Surplus (Deficit)	\$ 95,741	\$ (15,784)	\$ 20,336	\$ (149,071)	\$ (601,687)	\$ (867,402)	\$ (182,530)	\$ 1,849,808	\$ 318,891	\$ (210,514)

POPLAR RIVER FIRST NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

21. SEGMENT DISCLOSURE *(continued)*

	HOUSING AND LODGING		LAND MANAGEMENT		SOCIAL ASSISTANCE		TRAINING AND DEVELOPMENT		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue:										
Federal Government										
INAC	\$ 132,977	\$ 132,977	\$	\$	\$ 2,266,110	\$ 2,184,656	\$ 60,985	\$ 60,923	8,827,783	8,806,625
FNIH									1,615,576	1,642,267
CMHC	174,349	152,202	-	-	-	-	-	-	174,349	152,202
Subtotal	307,326	285,179	-	-	2,266,110	2,184,656	60,985	60,923	10,617,708	10,601,094
Funding recoveries										
Other revenue	135,900	663,737	107,157	70,000	(66,919)	(171,175)			(76,695)	(243,625)
Deferred revenue										
Total revenue	443,226	1,137,678	81,561	70,000	2,199,191	2,016,640	160,772	137,382	13,363,811	14,881,532
Expenditures:										
Amortization	147,737	173,854							1,111,618	1,521,387
Debt servicing	53,010	59,659							146,581	214,985
Other	234,907	329,599	68,004	79,439	2,182,118	2,106,460	29,413	3,878	7,652,239	7,749,260
Salaries and benefits	89,683	457,486	-	2,257	123,713	66,640	102,272	66,175	4,971,089	4,834,057
Total expenditures	525,337	1,020,598	68,004	81,696	2,305,831	2,173,100	131,685	70,053	13,881,527	14,319,689
Annual surplus (deficit) before transfers	(82,111)	117,080	13,557	(11,696)	(106,640)	(156,460)	29,087	67,329	(517,716)	561,843
Transfers	18,312	(54,359)	-	(7,088)	-	-	-	-	-	-
Annual Surplus (Deficit)	\$(63,799)	\$ 62,721	\$ 13,557	\$(18,784)	\$(106,640)	\$(156,460)	\$ 29,087	\$ 67,329	\$(517,716)	\$ 561,843