

Poplar River First Nation
Consolidated Financial Statements
March 31, 2017

Poplar River First Nation Contents

For the year ended March 31, 2017

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Management's Responsibility

To the Members of Poplar River First Nation:

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

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Poplar River First Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

August 21, 2017



Director of
Operations

Independent Auditors' Report

To the Members of Poplar River First Nation:

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, 2017 and the consolidated statements of operations, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 from material misstatement.

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

Basis for Qualified Opinion

The First Nation's consolidated statement of operations and consolidated statement of change in net debt do not present a comparison of results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Poplar River First Nation as at March 31, 2017 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The prior year comparative figures were audited by another firm of Chartered Professional Accountants which expressed an unqualified opinion in their report dated December 7, 2016.

Winnipeg, Manitoba

August 21, 2017

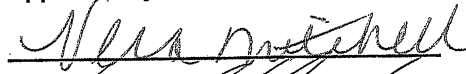


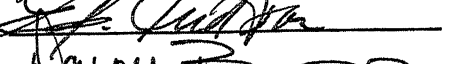

MNP LLP

Chartered Professional Accountants

Poplar River First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016 (Restated)
Financial assets		
Cash	252,738	-
Accounts receivable (Note 3)	461,642	422,190
Restricted cash (Note 4)	126,655	334,279
Short-term investment	-	77,100
Investment in South Beach Casino Limited Partnership (Note 5)	3,306,568	3,434,292
Investment in Negginan Fishing Station Ltd. (Note 6)	213,675	186,349
	4,361,278	4,454,210
Liabilities		
Bank indebtedness (Note 7)	670,617	1,026,202
Accounts payable and accruals (Note 8)	1,040,999	1,285,935
Deferred revenue (Note 9)	1,500,000	634,541
Long-term debt (Note 10)	5,392,380	6,296,303
	8,603,996	9,242,981
Net debt	(4,242,718)	(4,788,771)
Contingencies (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	20,739,462	21,764,964
Construction in progress (Note 12)	606,805	-
Prepaid expenses	111,229	117,715
	21,457,496	21,882,679
Accumulated surplus (Note 13)	17,214,778	17,093,908

Approved by the Chief and Council

	Chief		Councillor
	Councillor	_____	Councillor
	Councillor	_____	Councillor
	Councillor	_____	Councillor

Poplar River First Nation
Consolidated Statement of Operations
For the year ended March 31, 2017

	<i>Schedules</i>	2017	2016 <i>(Restated)</i>
Revenue			
Indigenous and Northern Affairs Canada <i>(Note 14)</i>		10,889,298	8,827,783
Health Canada <i>(Note 15)</i>		2,084,679	1,615,576
Other revenue		1,351,814	1,191,368
Income from South Beach Casino Limited Partnership <i>(Note 16)</i>		732,261	686,216
Road construction		438,350	283,892
Rent		345,597	337,808
Tobacco tax rebate		318,609	384,640
Canada Mortgage and Housing Corporation mortgage subsidies		154,904	174,349
Canada Mortgage and Housing Corporation retrofit		94,509	-
Fuel sales		52,000	90,156
Revenue deferred in prior year <i>(Note 9)</i>		634,541	283,754
Revenue deferred to subsequent year <i>(Note 9)</i>		(1,500,000)	(634,541)
Recoveries from funding agencies		(30,000)	(76,695)
		15,566,562	13,164,306
Segment expenses			
Band Governance	3	2,044,420	2,256,851
Social Services	4	2,213,901	2,227,261
Land Management	5	61,594	68,004
Subsidized Housing	6	454,474	445,977
Community Infrastructure	7	3,033,824	2,622,549
Education	8	4,409,318	3,775,073
Community Wellness	9	1,640,190	1,482,617
Economic Development	10	989,100	929,895
Training and Development	11	178,055	93,171
Asatiwisipe Construction Inc.	12	376,688	142,651
Poplar River Development Corporation	13	71,454	185,004
Total segment expenses <i>(Note 17)</i>		15,473,018	14,229,053
Surplus (deficit) attributed to Segment Operations (Schedule 2)		93,544	(1,064,747)
Earnings (loss) on investment in Negginan Fishing Station Ltd.		27,326	(17,578)
Annual surplus (deficit)		120,870	(1,082,325)

The accompanying notes are an integral part of these consolidated financial statements

Poplar River First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2017

	2017	2016 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	19,231,211	19,748,927
Correction of an error <i>(Note 18)</i>	(2,137,303)	(1,572,694)
Accumulated surplus, beginning of year, as restated	17,093,908	18,176,233
Annual surplus (deficit)	120,870	(1,082,325)
Accumulated surplus, end of year	17,214,778	17,093,908

The accompanying notes are an integral part of these consolidated financial statements

Poplar River First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2017

	2017	2016 <i>(Restated)</i>
Annual surplus (deficit)	120,870	(1,082,325)
Purchases of tangible capital assets	(599,675)	(493,252)
Amortization of tangible capital assets	1,625,177	1,676,227
Use (acquisition) of prepaid expenses	6,486	(67,975)
Costs of construction in progress	(606,805)	-
	425,183	1,115,000
Decrease in net debt	546,053	32,675
Net debt, beginning of year	(4,788,771)	(4,821,446)
Net debt, end of year	(4,242,718)	(4,788,771)

The accompanying notes are an integral part of these consolidated financial statements

Poplar River First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	15,817,311	15,294,079
Cash paid to suppliers	(8,780,087)	(9,777,586)
Cash paid to employees	(5,117,270)	(4,839,508)
Interest on long-term debt	(132,074)	(146,581)
	1,787,880	530,404
Financing activities		
Advances of long-term debt	-	410,352
Repayment of long-term debt	(903,923)	(933,309)
	(903,923)	(522,957)
Capital activities		
Purchases of tangible capital assets	(599,675)	(493,252)
Cost of construction	(606,805)	-
	(1,206,480)	(493,252)
Investing activities		
Proceeds from withdrawal of Investment in Government Business Partnership	859,985	650,000
Change in restricted cash and short term investments	(284,724)	(164,195)
	575,261	485,805
Increase in cash resources	252,738	-
Cash resources, beginning of year	-	-
Cash resources, end of year	252,738	-

The accompanying notes are an integral part of these consolidated financial statements

1. Operations

The Poplar River First Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its Members. Poplar River First Nation includes the First Nation's government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial statements of all enterprises comprising the First Nation reporting entity, except for First Nation business enterprises.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following organizations and departments:

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

All inter-entity balances have been eliminated on consolidation.

Poplar River First Nation owns and controls Negginan Fishing Station Ltd., a business enterprise that is not dependent on the First Nation for its continuing operations. The Negginan Fishing Station Ltd. is included in these consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to extent that the business entity accounting policies are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these enterprises 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.

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 receivable 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.

Cash

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of the First Nation by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trusts moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

2. Significant accounting policies *(Continued from previous page)*

Portfolio investments

Portfolio investments are recorded at the lower of cost and net realizable value. The First Nation is considered a beneficial owner of 12.5% of Shawano Wapunong Building Inc. (the "Company"). The First Nation's investment in Shawano Wapunong Building Inc. meets the definition of a portfolio investment. When the Company was established, 100% of the common shares of the Company were purchased by the Southeast Resource Development Council Corp. to be held in trust for the beneficial owners. As a result, the First Nation's cost associated with the investment is \$0 (2016 - \$0).

Investment in South Beach Casino Limited Partnership

The investment in the South Beach Casino Limited Partnership is accounted for in accordance with the modified equity method. The First Nation's investment in government business partnership is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreases by post acquisition losses and withdrawals.

Investment in Negginan Fishing Station Ltd.

The Negginan Fishing Station Ltd. is controlled by the First Nation's Chief and Council but is not dependent on the First Nation for its continuing operations. It is included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to extent that the business entity accounting policies are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these enterprises 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.

Net debt

The First Nation's consolidated 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 financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, 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 government unless they are sold.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives.

Buildings	25 years
Housing	25 years
Infrastructure	25-40 years
Equipment	5 years
Vehicles	5-10 years
Subsidized Housing	25 years
Infrastructure Equipment	25 years
Machinery	10 years

Construction in progress

Construction in progress represents the total cost of assets being constructed that are not available for use. When the construction phase has been completed and the assets are available for use they are recorded as tangible capital assets.

2. Significant accounting policies *(Continued from previous page)*

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 value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year.

Revenue recognition

Government transfer revenue which includes, but is not limited to, grants from Indigenous and Northern Affairs Canada, Health Canada, Canada Mortgage and Housing Corporation and Province of Manitoba is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Rental income is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectibility of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

Revenue recognized from the government business partnerships is 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.

All other types of revenue are recognized by the First Nation when services are provided or the goods are shipped and collection is reasonably assured.

Employee future benefits

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

Financial instruments

Financial instruments include cash, accounts receivable, restricted cash, investment in South Beach Casino Limited Partnership, investment in Negginan Fishing Station Ltd., bank indebtedness, accounts payable and accruals 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 risk arising from the financial instruments.

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue. Provisions for funding recoveries and site rehabilitation costs are recorded in accordance with management's estimates of future costs.

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

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

2. Significant accounting policies *(Continued from previous page)*

Segments

The First Nation conducts its business through eleven reportable segments. 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. These segments are differentiated by the major activities or services they provide.

For each reported segment, revenue and expenses 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 Significant Accounting Policies.

The First Nation's segments are as follows:

Band Governance - reports on administration and governance activities.

Social Services - reports on social assistance programs.

Land Management - reports on the development of the First Nation's land.

Subsidized Housing - reports on developing and sustaining on-reserve housing.

Community Infrastructure - reports on the maintenance of the community and its infrastructure.

Education - reports on the operations of education programs.

Community Wellness - reports on the First Nation's funding related to health and wellness.

Economic Development - reports on other band programs not funded by INAC or FNIH, including its commercial operations.

Training and Development - reports on the training and development of community members.

Asatiwisipe Construction Inc. - reports on a controlled organization created for road construction projects.

Poplar River Development Corporation - reports on a controlled organization created for economic development.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

The First Nation expects to apply PS 3450 and related consequential amendments to the PSA Handbook for its consolidated financial statements dated March 31, 2020. PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, consolidated financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its consolidated financial statements.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

3. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada (INAC)	44,774	92,938
Health Canada	16,112	17,220
Canada Mortgage and Housing Corporation	81,162	14,229
Trade receivables	522,439	506,809
Shawano Wapunong Building Inc.	66,272	60,111
Advances to First Nation members	911,698	911,698
Community church	28,416	28,416
	1,670,873	1,631,421
Less: allowance for doubtful accounts	1,209,231	1,209,231
	461,642	422,190

4. Restricted cash

	2017	2016
CMHC Replacement Reserve	52,180	86,262
Ottawa Trust Fund	73,258	71,030
Province of Manitoba	1,217	176,987
	126,655	334,279

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements of CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The First Nation is currently not in compliance of its major funding agreement with CMHC. The specified replacement reserve bank account was underfunded by \$20,816 as at March 31, 2017 (2016 - \$16,025).

Province of Manitoba East Side Road Authority

The First Nation has a chequing account that requires a co-signature from a representative from the Province of Manitoba. As at March 31, 2017, funds held in this account have been restricted for the purpose of highway construction.

Ottawa Trust Fund

The Ottawa Trust fund accounts arise from monies derived from capital or revenue sources 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. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council. Interest revenue earned in the revenue trust amounted to \$2,228 (2016 - \$2,286).

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

5. Investment in South Beach Casino Limited Partnership

The investment represents a one-seventh ownership in the South Beach Casino Limited Partnership which was formed to operate a casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba. Summary financial information of the South Beach Casino Limited Partnership is not disclosed due to the sensitive nature of the information.

	2017	2016
Balance, beginning of year	3,434,292	3,398,076
Partnership income	732,261	686,216
Withdrawals	(859,985)	(650,000)
	3,306,568	3,434,292

6. Investment in Negginan Fishing Station Ltd.

Financial information on the operations and cash flows of the Negginan Fishing Station Ltd. is as follows:

	2017	2016
Revenue	\$1,209,481	\$1,214,855
Expenses	\$1,205,908	\$1,223,642
Income (loss)	(\$3,573)	(\$8,787)
Cash flows from operating activities	\$1,651	\$3,586
Cash flows from investing activities	(\$32,550)	\$0
Cash flows from financing activities	\$30,899	(\$3,586)

The First Nation's investment in the Negginan Fishing Station Ltd. is recorded using the modified equity method by considering the assets and liabilities of the Negginan Fishing Station Ltd. Excluded from the calculation is an amount owing to Poplar River First Nation of \$251,114 (2016 - \$227,362).

	2017	2016
Accounts receivable	42,955	44,122
Inventory	1,259	1,259
Tangible capital assets	182,099	163,405
	226,313	208,786
Less: accounts payable and accruals	(12,638)	(22,437)
	213,675	186,349

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Bank indebtedness

	2017	2016
General operating line of credit	625,767	998,042
Group Home	22,288	13,980
Social Services	22,562	14,180
	670,617	1,026,202

The general operating line is authorized to a maximum of \$150,000 (2016 - \$150,000) with a temporary overdraft limit of \$400,000, bearing interest at prime (2.95%) plus 1.9% (2016 - prime plus 1.90%), due monthly. The balance of the general operating line includes outstanding cheques of \$547,467 (2016 - \$258,948). The operating line is secured by a General Security Agreement and a Band Council Resolution authorizing the debt and a letter of direction to pay, acknowledged by Indigenous and Northern Affairs Canada. The social services account consists of outstanding cheques of \$21,566 (2016 - \$13,901). The group home account consists of outstanding cheques of \$26,269 with an overdraft of \$3,981 (2016 - \$12,603).

8. Accounts payable and accruals

	2017	2016
Indigenous and Northern Affairs Canada	171,174	238,095
Health Canada	-	40,703
Trade accounts payable	859,496	996,875
Payroll accrual	10,329	10,262
	1,040,999	1,285,935

9. Deferred revenue

		2017	2016
Indigenous and Northern Affairs Canada	(Schedule 7)	650,594	154,113
Indigenous and Northern Affairs Canada	(Schedule 7)	120,000	-
Health Canada	(Schedule 9)	729,406	454,832
Province of Manitoba	(Schedule 5)	-	25,596
		1,500,000	634,541

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. Long-term debt

	2017	2016
CMHC Mortgage, payable in monthly instalments of \$3,644 including interest at 0.96%, renewal date September 2021, maturity date November 2025, secured by a general security agreement.	363,541	402,061
First Nations Bank demand loan, payable in monthly instalments of \$4,341 including interest at 5.20%, due February 2021, secured by a general security agreement.	204,021	256,111
Term loan, payable in monthly instalments of \$5,123 including interest at 7.00%, due September 2018, secured by a general security agreement.	86,439	137,952
First Nations Bank demand loan, payable in monthly instalments of \$5,973 including interest at 3.09%, renewal date January 2020, due January 2030, secured by a general security agreement.	762,394	809,820
CMHC Mortgage, payable in monthly instalments of \$4,564 including interest at 1.62%, renewal date March 2018, maturity date March 2033 secured by a general security agreement.	771,819	813,786
CMHC mortgage, payable in monthly instalments of \$1,622 including interest at 1.98%, renewal date May 2019, due May 2029, secured by a ministerial guarantee and assignment of fire insurance.	209,112	224,298
First Nations Bank mortgage, payable in monthly instalments of \$1,897 including interest at 3.19%, renewal date February 2020, due February 2035, secured by a general security agreement.	310,407	322,733
CMHC mortgage, payable in monthly instalments of \$2,291 including interest at 1.83%, renewal date December 2019, due November 2034, secured by a ministerial guarantee and assignment of fire insurance.	414,999	434,750
First Nations Bank term loan, payable in monthly instalments of \$718 plus interest at 5.00%, due December 2018, secured by a general security agreement.	14,390	22,076
CMHC mortgage, payable in monthly instalments of \$2,027 including interest at 1.01%, renewal date February 2021, due February 2036, secured by a ministerial guarantee and assignment of fire insurance.	418,701	438,703
First Nations Bank demand loan, payable in monthly instalments of \$8,172 including interest at 5.62%, renewal date November 2021, due November 2031, secured by a general security agreement.	977,884	1,021,247
Term loan repaid during the year.	-	200,825
First Nations Bank term loan, payable in monthly instalments of \$15,299 plus interest at 5.20%, due April 2018, secured by a general security agreement.	348,887	682,474
CMHC mortgage, payable in monthly instalments of \$2,063 including interest at 0.98%, renewal date March 2020, due March 2040, secured by a ministerial guarantee and assignment of fire insurance.	509,786	529,467
	5,392,380	6,296,303

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2018	\$562,000
2019	\$524,000
2020	\$330,000
2021	\$332,000
2022	\$289,000

11. Contingent liabilities

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end it was not yet determined to what extent any funding amounts relating to the year ending March 31, 2017 might be recovered.

INAC has communicated that \$56,440 and \$17,710 from fiscal year 2008-2009 might be recovered. No repayment terms have been determined at this time and no accrual has been made.

12. Construction in progress

Construction in progress represents costs incurred to March 31, 2017 towards major housing construction and renovations.

13. Accumulated surplus

	2017	2016 <i>(Restated)</i>
Equity in Ottawa Trust Funds	73,258	71,030
CMHC replacement reserve	72,996	102,287
Investments in business entities	3,520,243	3,620,641
Investment in tangible capital assets	16,302,774	16,151,135
Unrestricted accumulated deficit	(2,754,493)	(2,851,184)
	17,214,778	17,093,909

14. Indigenous and Northern Affairs Canada

	2017	2016
INAC revenue per funding agreement	10,889,298	8,769,700
Add: Recovery of INAC accounts receivable previously written off	-	58,083
INAC revenue per consolidated financial statements	10,889,298	8,827,783

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

15. Health Canada

Health Canada revenue recorded on the consolidated financial statements in the year ended March 31, 2017 and in the year ended March 31, 2016 agrees to the amounts stated on the year-end Health Canada confirmation.

16. Related party transactions

During the year, the First Nation conducted the following transactions with related entities. These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2017	2016
Income from South Beach Casino Limited Partnership described in Note 5.	732,261	686,216

17. Segment expenses by object

	2017	2016
Allowances	623,443	591,993
Amortization	1,625,177	1,676,227
Bad debts	31,139	208,108
Bank charges and interest	96,501	117,231
Community donations and events	562,072	491,174
Compensation	5,117,270	4,839,508
Election	13,148	-
Freight and postage	16,502	44,298
Fuel	99,565	94,920
Funerals	170,519	111,286
Insurance	374,856	396,845
Interest on long-term debt	132,074	146,581
Other	119,001	105,106
Overhead	15,770	12,425
Professional fees	331,728	242,813
Program expense	438,869	243,314
Repairs and maintenance	1,580,884	1,047,610
Retrofit initiative	94,509	-
Social assistance	2,120,433	2,156,699
Supplies	413,839	397,497
Training	173,893	121,270
Travel	340,516	305,840
Tuition	574,773	533,858
Utilities	406,537	344,450
	15,473,018	14,229,053

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

18. Correction of an error

During the year, the First Nation determined that in its previously issued financial statements dated March 31, 2016, the First Nation did not properly account for amortization on its tangible capital assets in accordance with its accounting policies described in Note 2. The First Nation has restated its figures as at March 31, 2016 and for the year then ended in order to account for this correction of an error. Restated figures and previously stated figures as at March 31, 2016 and for the year then ended are as follows:

	<i>Previously stated</i>	<i>Adjustment</i>	<i>Restated</i>
Tangible capital assets	\$23,902,267	(\$2,137,303)	\$21,764,964
Amortization expense	\$1,111,618	\$564,609	\$1,676,227
Accumulated surplus, beginning of year	\$19,748,927	(\$1,572,694)	\$18,176,233
Annual deficit	\$517,716	\$564,609	\$1,082,325
Accumulated surplus, end of year	\$19,231,211	(\$2,137,303)	\$17,093,908

19. Economic dependence

Poplar River First Nation receives the majority of its revenues from Indigenous and Northern Affairs Canada ("INAC") and Health Canada as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC and Health Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

20. Pension liabilities

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end. Pension liabilities are not maintained in a separate bank account.

21. Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive lagoon and landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste lagoon and landfill sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of the Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

22. First Nations Financial Transparency Act

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2017. As the audit report date is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined.

23. Comparative figures

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

Poplar River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Vehicles</i>	<i>Buildings</i>	<i>Housing</i>	<i>Subsidized Housing</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	1,785,072	12,335,075	15,904,145	3,938,791	190,046	12,647,073	46,800,202
Acquisition of tangible capital assets	318,034	198,341	-	-	-	-	516,375
Balance, end of year	2,103,106	12,533,416	15,904,145	3,938,791	190,046	12,647,073	47,316,577
Accumulated amortization							
Balance, beginning of year	1,080,692	6,308,241	11,563,848	1,230,812	167,412	6,386,744	26,737,749
Annual amortization	143,825	429,855	455,394	157,552	1,400	335,601	1,523,627
Balance, end of year	1,224,517	6,738,096	12,019,242	1,388,364	168,812	6,722,345	28,261,376
Net book value of tangible capital assets	878,589	5,795,320	3,884,903	2,550,427	21,234	5,924,728	19,055,201
2016 - net book value of tangible capital assets (Restated)	704,380	6,026,834	4,340,297	2,707,979	22,634	6,260,329	20,064,469

Poplar River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Subtotal</i>	<i>Infrastructure Equipment</i>	<i>Machinery</i>	<i>2017</i>	<i>2016</i>
					<i>(Restated)</i>
Cost					
Balance, beginning of year	46,800,202	1,786,358	70,836	48,657,396	48,164,144
Acquisition of tangible capital assets	516,375	-	83,300	599,675	493,252
Balance, end of year	47,316,577	1,786,358	154,136	49,257,071	48,657,396
Accumulated amortization					
Balance, beginning of year	26,737,749	142,910	11,773	26,892,432	25,216,205
Annual amortization	1,523,627	71,454	30,096	1,625,177	1,676,227
Balance, end of year	28,261,376	214,364	41,869	28,517,609	26,892,432
Net book value of tangible capital assets	19,055,201	1,571,994	112,267	20,739,462	21,764,964
2016 - net book value of tangible capital assets (Restated)	20,064,469	1,643,448	59,063	21,764,964	

Poplar River First Nation
Schedule 2 - Consolidated Summary Schedule of Segment Operations
For the year ended March 31, 2017

	<i>Revenue</i>	<i>Expenses</i>	<i>2017 Surplus (Deficit)</i>	<i>2016 Surplus (Deficit) (Restated)</i>
Segments				
Band Governance	1,306,548	2,044,420	(737,872)	(1,017,327)
Social Services	2,160,302	2,213,901	(53,599)	(61,300)
Land Management	25,596	61,594	(35,998)	13,557
Subsidized Housing	389,157	454,474	(65,317)	(135,728)
Community Infrastructure	2,776,973	3,033,824	(256,851)	(563,324)
Education	5,039,270	4,409,318	629,952	327,692
Community Wellness	1,927,335	1,640,190	287,145	80,084
Economic Development	1,539,406	989,100	550,306	401,236
Training and Development	152,702	178,055	(25,353)	(1,362)
Asatiwisi Construction Inc.	249,273	376,688	(127,415)	(13,427)
Poplar River Development Corporation	-	71,454	(71,454)	(94,848)
Total	15,566,562	15,473,018	93,544	(1,064,747)

The accompanying notes are an integral part of these consolidated financial statements

Poplar River First Nation
Band Governance
Schedule 3 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	906,760	986,774
Other revenue	399,788	253,203
Recoveries from funding agencies	-	(453)
	1,306,548	1,239,524
Expenses		
Amortization	600,618	541,542
Bad debts	31,139	208,108
Bank charges and interest	84,169	90,221
Compensation	828,864	892,625
Election	13,148	-
Freight and postage	406	1,208
Other	-	(606)
Professional fees	144,579	140,600
Program expense	12,442	7,223
Repairs and maintenance	16,067	11,842
Supplies	80,784	109,085
Training	67,649	55,337
Travel	130,534	161,555
Utilities	34,021	38,111
	2,044,420	2,256,851
Deficit	(737,872)	(1,017,327)

Poplar River First Nation
Social Services
Schedule 4 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	2,160,302	2,232,880
Recoveries from funding agencies	-	(66,919)
	2,160,302	2,165,961
Expenses		
Bank charges and interest	9,854	10,245
Compensation	70,481	45,143
Funerals	1,715	3,005
Social assistance	2,120,433	2,156,699
Supplies	6,875	7,419
Travel	4,543	4,750
	2,213,901	2,227,261
Deficit	(53,599)	(61,300)

Poplar River First Nation
Land Management
Schedule 5 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Other revenue	-	107,157
Revenue deferred in prior year	25,596	-
Revenue deferred to subsequent year	-	(25,596)
	25,596	81,561
Expenses		
Other	3,008	-
Professional fees	31,340	33,589
Program expense	23,557	27,743
Travel	3,563	6,672
Repairs and maintenance	126	-
	61,594	68,004
Surplus (deficit)	(35,998)	13,557

Poplar River First Nation
Subsidized Housing
Schedule 6 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Canada Mortgage and Housing Corporation subsidy	154,904	174,349
Rent	139,744	135,900
Canada Mortgage and Housing Corporation retrofit	94,509	-
	389,157	310,249
Expenses		
Amortization	157,552	212,711
Insurance	37,711	57,114
Interest on long-term debt	42,563	53,010
Overhead	15,770	12,425
Professional fees	7,200	6,601
Repairs and maintenance	99,169	112,204
Retrofit initiative	94,509	-
Supplies	-	(8,088)
	454,474	445,977
Deficit	(65,317)	(135,728)

Poplar River First Nation
Community Infrastructure
Schedule 7 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	2,779,650	1,352,352
Other revenue	446,292	566,673
Health Canada	-	16,500
Rent	145,512	140,980
Fuel sales	52,000	90,156
Recoveries from funding agencies	(30,000)	-
Revenue deferred in prior year	154,113	46,677
Revenue deferred to subsequent year	(770,594)	(154,113)
	2,776,973	2,059,225
Expenses		
Amortization	765,457	850,519
Bank charges and interest	2,478	15,458
Fuel	79,210	25,769
Freight and postage	627	10,491
Insurance	205,596	194,350
Interest on long-term debt	89,511	41,214
Supplies	87,459	160,870
Professional fees	20,312	1,647
Repairs and maintenance	840,664	508,935
Compensation	811,071	682,969
Travel	25,940	9,194
Utilities	74,369	69,283
Allowances	18,314	23,744
Community donations and events	658	15,393
Other	9,488	6,666
Program expense	2,670	6,047
	3,033,824	2,622,549
Deficit	(256,851)	(563,324)

Poplar River First Nation
Education
Schedule 8 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	4,884,611	4,042,397
Other revenue	114,318	19,440
Rent	40,341	40,928
	5,039,270	4,102,765
Expenses		
Allowances	604,829	568,249
Compensation	2,363,244	2,074,359
Freight and postage	11,071	1,692
Fuel	7,298	67,800
Insurance	78,853	86,946
Interest on long-term debt	-	52,357
Other	-	30
Professional fees	120,000	19,274
Program expense	225,066	67,948
Repairs and maintenance	100,932	46,593
Supplies	112,601	71,137
Training	35,910	16,972
Travel	65,782	54,862
Tuition	574,773	533,858
Utilities	108,959	112,996
	4,409,318	3,775,073
Surplus	629,952	327,692

Poplar River First Nation
Community Wellness
Schedule 9 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	85,230	160,950
Health Canada	2,084,679	1,599,076
Other revenue	32,000	20,430
Revenue deferred in prior year	454,832	237,077
Revenue deferred to subsequent year	(729,406)	(454,832)
	1,927,335	1,562,701
Expenses		
Community donations and events	19,793	11,283
Compensation	847,789	951,841
Freight and postage	4,225	7,232
Fuel	2,057	-
Insurance	52,696	58,435
Other	1,767	-
Professional fees	2,633	18,000
Program expense	175,062	81,628
Repairs and maintenance	62,899	120,715
Supplies	118,292	41,548
Training	62,270	48,961
Travel	102,290	67,245
Utilities	188,417	75,729
	1,640,190	1,482,617
Surplus	287,145	80,084

Poplar River First Nation
Economic Development
Schedule 10 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	12,000	-
Other revenue	267,459	94,930
Income from government business partnership	732,261	686,216
Tobacco tax rebate	318,609	384,640
Road construction	189,077	154,668
Rent	20,000	20,000
Recoveries from funding agencies	-	(9,323)
	1,539,406	1,331,131
Expenses		
Allowances	300	-
Community donations and events	541,621	464,498
Compensation	44,064	77,681
Freight and postage	173	-
Fuel	11,000	1,351
Funerals	168,804	108,281
Other	104,738	98,258
Professional fees	2,164	15,500
Program expense	-	12,298
Repairs and maintenance	108,372	103,900
Travel	7,864	1,562
Utilities	-	46,566
	989,100	929,895
Surplus	550,306	401,236

Poplar River First Nation
Training and Development
Schedule 11 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	60,745	52,430
Other revenue	91,957	39,379
	152,702	91,809
Expenses		
Supplies	7,828	15,526
Other	-	758
Professional fees	3,500	-
Program expense	72	-
Repairs and maintenance	6,063	-
Compensation	151,757	75,122
Training	8,064	-
Utilities	771	1,765
	178,055	93,171
Deficit	(25,353)	(1,362)

Poplar River First Nation
Asatiwisipe Construction Inc.
Schedule 12 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Road construction	249,273	129,224
Expenses		
Amortization	30,096	-
Repairs and maintenance	346,592	142,651
	376,688	142,651
Deficit	(127,415)	(13,427)

Poplar River First Nation
Poplar River Development Corporation
Schedule 13 - Consolidated Schedule of Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Fuel sales	-	90,156
Expenses		
Amortization	71,454	71,455
Bank charges and interest	-	1,307
Compensation	-	39,768
Freight and postage	-	23,675
Professional fees	-	7,602
Program expense	-	40,427
Repairs and maintenance	-	770
	71,454	185,004
Deficit	(71,454)	(94,848)