

**Poplar River First Nation
Consolidated Financial Statements**
March 31, 2018

Poplar River First Nation Contents

For the year ended March 31, 2018

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Accumulated Surplus.....	3
Consolidated Statement of Change in Net Debt.....	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements.....	6
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	18
Schedule 2 - Consolidated Schedule of Operations by Segment.....	20
Schedule 3 - Band Governance.....	21
Schedule 4 - Social Services.....	22
Schedule 5 - Land Management.....	23
Schedule 6 - Subsidized Housing.....	24
Schedule 7 - Community Infrastructure.....	25
Schedule 8 - Education.....	26
Schedule 9 - Community Wellness.....	27
Schedule 10 - Economic Development.....	28
Schedule 11 - Training and Development.....	29
Schedule 12 - Other.....	30
Schedule 13 - Asatiwisipe Construction Inc.....	31
Schedule 14 - Negginan Fishing Station Ltd.....	32
Schedule 15 - Group Home.....	33

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.

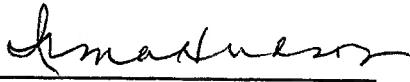
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting 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 Professional Accountants, is appointed by the Chief and Council on behalf of the Members 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 22, 2018



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, 2018 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 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, 2018 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.

Winnipeg, Manitoba

August 22, 2018

MNP LLP
Chartered Professional Accountants

Poplar River First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
	(Restated)	
Financial assets		
Cash	10,594	252,738
Accounts receivable (Note 4)	736,160	675,317
Restricted cash (Note 5)	651,368	126,655
Investment in South Beach Casino Limited Partnership (Note 6)	3,401,087	3,306,568
	4,799,209	4,361,278
Liabilities		
Bank indebtedness (Note 7)	97,618	670,617
Accounts payable and accruals (Note 8)	963,781	1,040,999
Deferred revenue (Note 9)	2,123,067	1,500,000
Long-term debt (Note 10)	5,243,033	5,392,380
	8,427,499	8,603,996
Net debt	(3,628,290)	(4,242,718)
Contingencies (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	21,854,170	20,739,462
Construction in progress (Note 12)	998,656	606,805
Prepaid expenses	96,889	111,229
	22,949,715	21,457,496
Accumulated surplus (Note 13)	19,321,425	17,214,778

Approved by the Chief and Council

Chief
Councillor
Councillor
Councillor

Poplar River First Nation
Consolidated Statement of Operations
For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017 (Restated)</i>
Revenue				
Indigenous Services Canada (Note 14)		9,416,991	10,875,086	10,889,298
Health Canada (Note 15)		2,648,751	2,806,161	2,084,679
Other revenue		2,313,752	1,645,425	1,379,140
Income from South Beach Casino Limited Partnership (Note 16)		708,700	908,022	836,870
Road construction (Note 16)		-	2,951,805	438,350
Rent		-	330,316	345,597
Tobacco tax rebate		420,000	334,048	318,609
Canada Mortgage and Housing Corporation mortgage subsidies		258,344	167,515	154,904
Southeast Economic Resource Development Corp. (Note 16)		95,000	675,000	-
Canada Mortgage and Housing Corporation retrofit funding (recovery)		-	(54,509)	94,509
Fishing sales		-	1,170,480	1,205,908
Fuel sales		30,000	65,936	52,000
Revenue deferred in prior year (Note 9)		-	1,500,000	634,541
Revenue deferred to subsequent year (Note 9)		-	(2,123,067)	(1,500,000)
Recoveries from Health Canada and Indigenous Services Canada		-	(83,676)	(30,000)
		15,891,538	21,168,542	16,904,405
Segment expenses				
Band Governance	3	1,536,053	2,374,106	2,018,465
Social Services	4	2,441,193	2,220,562	2,213,901
Land Management	5	66,450	146,557	61,594
Subsidized Housing	6	421,184	381,089	454,474
Community Infrastructure	7	1,053,114	2,158,152	2,621,618
Education	8	4,761,708	4,472,766	4,409,318
Community Wellness	9	3,667,804	2,486,934	1,640,190
Economic Development	10	93,601	414,440	245,351
Training and Development	11	31,411	229,512	204,010
Other	12	826,250	1,180,734	919,812
Asatiwisipe Construction Inc.	13	-	1,191,705	376,688
Negginan Fishing Station Ltd.	14	-	1,192,532	1,205,908
Group Home	15	590,639	612,806	412,206
Total segment expenses (Note 17)		15,489,407	19,061,895	16,783,535
Annual surplus		402,131	2,106,647	120,870

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, 2018

	2018	2017
Accumulated surplus, beginning of year	17,214,778	17,093,908
Annual surplus	2,106,647	120,870
Accumulated surplus, end of year	19,321,425	17,214,778

Poplar River First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2018

	2018 Budget	2018	2017
Annual surplus	402,131	2,106,647	120,870
Purchases of tangible capital assets	-	(2,373,809)	(599,675)
Amortization of tangible capital assets	1,108,800	1,865,906	1,625,177
Use of prepaid expenses	-	14,340	6,486
Costs of construction in progress	-	(998,656)	(606,805)
	1,108,800	(1,492,219)	425,183
Decrease in net debt	1,510,931	614,428	546,053
Net debt, beginning of year	(4,242,718)	(4,242,718)	(4,788,771)
Net debt, end of year	(2,731,787)	(3,628,290)	(4,242,718)

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, 2018

2018 **2017**
(Restated)

Cash provided by (used for) the following activities

Operating activities

Cash receipts from contributors	20,822,744	17,514,552
Cash paid to suppliers	(10,504,904)	(10,121,743)
Cash paid to employees	(6,481,157)	(5,117,270)
Interest on long-term debt	(159,303)	(132,074)
	3,677,380	2,143,465

Financing activities

Advances of long-term debt	600,000	-
Repayment of long-term debt	(749,347)	(903,923)
Repayment on bank indebtedness	(572,999)	(355,585)
	(722,346)	(1,259,508)

Capital activities

Purchases of tangible capital assets	(2,373,809)	(599,675)
Cost of construction	(998,656)	(606,805)
	(3,372,465)	(1,206,480)

Investing activities

Withdrawal of Investment in Government Business Partnership	700,000	859,985
Change in restricted cash and short term investments	(524,713)	(284,724)
	175,287	575,261

Increase (decrease) in cash resources

Cash resources, beginning of year	252,738	-
Cash resources, end of year	10,594	252,738

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

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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 Poplar River First Nation reporting entity includes the First Nation government and all related organizations and departments that are either owned or controlled by the First Nation.

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

- Poplar River First Nation Government
- Poplar River First Nation Housing Authority
- Asatiwisipe Construction Inc.
- Negginan Fishing Station Ltd.

All inter-entity balances have been eliminated on consolidation.

The First Nation has consolidated its interest in a government business partnership known as the South Beach Casino Limited Partnership according to the modified equity method.

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.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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 (2017 - \$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.

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.

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.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Revenue recognition

Government transfer revenue which includes, but is not limited to, grants from Indigenous Services 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 collectability 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, 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.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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 collectability 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.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Segments

The First Nation conducts its business through 13 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 ISC or FNIH, including its commercial operations.

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

Other - reports on all activities not included in other segments.

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

Negginan Fishing Station Ltd. - reports on commercial fishing activities.

Group Home - reports on foster care activities pertaining to an 8 bedroom house.

In the First Nation's March 31, 2017 consolidated financial statements:

- the Negginan Fishing Station Ltd. was not reported as a separate segment, as explained in Note 3.
- the Group Home segment was not reported as a separate segment, but was included as part of the Community Infrastructure segment.

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, 2018

3. Correction of an error resulting in change in accounting policy

In its previously issued consolidated financial statements for the year ended March 31, 2017, the First Nation reported on the Negginan Fishing Station Ltd. as a controlled organization that met the definition of a government business enterprise. As a result, the financial results of the Negginan Fishing Station Ltd. were included in the consolidated financial statements of the First Nation in accordance with the modified equity method.

However, the First Nation has since determined that the Negginan Fishing Station Ltd. did not meet the definition of a government business enterprise and its financial results should have been fully consolidated into the First Nation's consolidated financial statements.

Effective April 1, 2016, the First Nation has consolidated Negginan Fishing Station Ltd. in its consolidated financial statements as opposed to reporting on the Negginan Fishing Station using the modified equity method. In applying this change in accounting policy retroactively, the following figures as at March 31, 2017 and for the year then ended have been restated:

Investment in Negginan Fishing Station Ltd. has decreased from \$213,675 to \$0.

Accounts receivable has increased from \$461,642 to \$675,317.

Revenue has increased from \$15,671,171 to \$16,904,405

Expenses have increased from \$15,577,627 to \$16,783,535

Earnings on investment in Negginan Fishing Station Ltd. has decreased from \$27,326 to \$0.

The correction of an error and related financial statement changes did not have an impact on accumulated surplus, beginning of year or accumulated surplus, end of year, for the year ended March 31, 2017.

4. Accounts receivable

	2018	2017 (Restated)
Indigenous Services Canada (ISC)	173,702	44,774
Health Canada	-	16,112
Canada Mortgage and Housing Corporation	13,960	81,162
Trade receivables	311,569	522,439
Shawano Wapunong Building Inc. (related as described in Note 16)	69,586	66,272
Shawano Consulting Inc. (related as described in Note 16)	252,525	-
Advances to First Nation members	911,998	911,698
Community church	28,416	28,416
	1,761,756	1,670,873
Less: allowance for doubtful accounts	1,025,596	995,556
	736,160	675,317

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

5. Restricted cash

	2018	2017
Ottawa Trust Fund		
Band Capital account	401	401
Band Revenue account	74,498	72,857
	74,899	73,258
Other restricted cash		
CMHC Replacement Reserve	42,180	52,180
Province of Manitoba	-	1,217
Head Start building construction account	534,289	-
	576,469	53,397
	651,368	126,655

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 Services Canada, with the consent of the First Nation's Council. Interest revenue earned in the Band Revenue account amounted to \$1,641 (2017 - \$2,228). Interest revenue earned in the Band Capital account amounted to \$0 (2017 - \$0).

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 \$11,792 as at March 31, 2018 (2017 - \$20,816).

Head Start building construction account

The First Nation has a chequing account that requires a co-signature from a representative from Shawano Consulting Inc. As at March 31, 2018, funds held in this account have been restricted for the purpose of the Head Start building construction.

6. 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 Scantebury, Manitoba. Summary financial information of the South Beach Casino Limited Partnership is not disclosed due to the sensitive nature of the information.

	2018	2017
Balance, beginning of year	3,306,568	3,434,292
Partnership income	908,022	836,870
Manitoba First Nation Trust Allocations	(113,503)	(104,609)
Withdrawals	(700,000)	(859,985)
	3,401,087	3,306,568

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. Bank indebtedness

	2018	2017
General operating line of credit	40,691	625,767
Group Home	27,653	22,288
Social Services	24,445	22,562
Negginan Fishing Station Ltd.	4,829	-
	97,618	670,617

The general operating line is authorized to a maximum of \$250,000 (2017 - \$150,000) bearing interest at prime (3.45%) plus 2.20% (2017 - prime plus 1.90%), due monthly. The balance of the general operating line includes outstanding cheques of \$359,065 (2017 - \$547,467). The general 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 Services Canada.

The Social Services account consists of outstanding cheques of \$23,210 with an overdraft of \$1,235 (2017 - \$21,566).

The Group Home account consists of outstanding cheques of \$6,290 with an overdraft of \$21,363 (2017 - \$26,269).

8. Accounts payable and accruals

	2018	2017
Indigenous Services Canada	320,411	171,174
Trade accounts payable	643,370	869,825
	963,781	1,040,999

9. Deferred revenue

	2018	2017
Indigenous Services Canada	(Schedule 7)	310,525
Indigenous Services Canada	(Schedule 8)	797,271
Health Canada	(Schedule 9)	480,777
Other	(Schedule 10)	534,494
	2,123,067	1,500,000

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

10. Long-term debt

	2018	2017
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.	323,116	363,541
First Nations Bank demand loan, payable in monthly instalments of \$4,341 including interest at prime plus 2.5%, due February 2021, secured by a general security agreement.	151,930	204,021
Term loan, payable in monthly instalments of \$5,123 including interest at 7.00%, due September 2018, secured by a general security agreement.	11,342	86,439
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.	713,621	762,394
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. Subsequent to March 31, 2018, the mortgage was renewed with CMHC, with required payments of \$4,853 per month including interest at 2.50%, with a scheduled renewal date of June 2023, maturing March 2033.	729,200	771,819
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.	193,634	209,112
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.	296,883	310,407
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.	394,903	414,999
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.	6,311	14,390
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.	398,506	418,701
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.	933,663	977,884
First Nations Bank term loan, repaid during the year.	-	348,887
First Nations Bank term loan, payable in annual instalments of \$200,000 plus interest at prime plus 2.4%, due December 1, 2020, secured by a general security agreement and Band Council Resolution.	600,000	-
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.	489,924	509,786
	5,243,033	5,392,380

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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:

2019	\$529,000
2020	\$528,000
2021	\$530,000
2022	\$288,000
2023	\$293,000

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, 2018 might be recovered.

12. Construction in progress

Construction in progress represents costs incurred to March 31, 2018 towards major housing construction and renovations, building construction and camp construction projects.

13. Accumulated surplus

	2018	2017
Ottawa Trust Fund	74,899	73,258
CMHC replacement reserve (required amount)	53,972	72,996
Investment in South Beach Casino Limited Partnership	3,401,087	3,306,568
Investment in tangible capital assets	18,209,793	16,302,774
Unrestricted accumulated deficit	(2,418,326)	(2,540,818)
	19,321,425	17,214,778

14. Indigenous Services Canada

Indigenous Services Canada revenue recorded on the consolidated financial statements in the year ended March 31, 2018 and in the year ended March 31, 2017 agrees to the amounts stated on the year-end Indigenous Services Canada confirmation.

15. Health Canada

Health Canada revenue recorded on the consolidated financial statements in the year ended March 31, 2018 and in the year ended March 31, 2017 agrees to the amounts stated on the year-end Health Canada confirmation.

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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.

	2018	2017
Income from South Beach Casino Limited Partnership described in Note 6.	908,022	836,870
Grant revenue from Southeast Resource Development Council Corp., a not-for-profit organization jointly controlled by 8 First Nation governments, including the First Nation.	675,000	-
Included in construction revenue for the year are amounts received from Shawano Consulting Ltd., an organization owned by Shawano Wapunong Building Inc. The First Nation holds a beneficial interest in Shawano Wapunong Building Inc. as described in Note 2.	2,379,984	-
Manitoba First Nations Trust Allocations paid through South Beach Casino Limited Partnership	113,503	104,609

17. Segment expenses by object

	2018	2017 (Restated)
Allowances	802,093	623,443
Amortization	1,865,906	1,625,177
Bad debts	37,162	31,139
Bank charges and interest	59,140	96,501
Community donations and events	745,381	666,681
Compensation	6,481,157	5,117,270
Election	600	13,148
Financial Management System certification	41,388	-
Freight and postage	45,373	16,502
Fuel	176,833	99,565
Funerals	129,653	170,519
Insurance	293,227	374,856
Interest on long-term debt	159,303	132,074
Manitoba First Nations Trust allocations	113,503	104,609
Overhead	13,997	15,770
Payments to Fishers	1,192,532	1,205,908
Professional fees	392,133	336,503
Program delivery	533,264	438,869
Rent	184,156	-
Repairs and maintenance	1,556,390	1,635,393
Retrofit initiative	-	40,000
Social assistance	2,139,172	2,120,433
Supplies	633,124	423,456
Telephone	94,814	77,818
Training	159,168	173,893
Travel	411,957	340,516
Tuition	642,229	574,773
Utilities	158,240	328,719
	19,061,895	16,783,535

Poplar River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. Economic dependence

Poplar River First Nation receives the majority of its revenues from Indigenous Services Canada (ISC) and Health Canada as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC 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.

19. 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.

20. 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.

21. 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 ISC by July 29, 2018. 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.

22. Budget information

The disclosed budget information has been approved by the Chief and Council of Poplar River First Nation at a meeting held on April 26, 2017.

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, 2018

	<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	2,103,107	12,533,416	15,904,145	3,938,791	190,046	12,647,072	47,316,577
Acquisition of tangible capital assets	1,337,913	-	1,316,280	-	65,166	261,255	2,980,614
Balance, end of year	3,441,020	12,533,416	17,220,425	3,938,791	255,212	12,908,327	50,297,191
Accumulated amortization							
Balance, beginning of year	1,224,517	6,738,096	12,019,242	1,388,364	168,812	6,722,345	28,261,376
Annual amortization	288,028	429,766	510,457	157,553	14,433	373,597	1,773,834
Balance, end of year	1,512,545	7,167,862	12,529,699	1,545,917	183,245	7,095,942	30,035,210
Net book value of tangible capital assets	1,928,475	5,365,554	4,690,726	2,392,874	71,967	5,812,385	20,261,981
2017							
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

Poplar River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Infrastructure Equipment</i>	<i>Machinery</i>	<i>2018</i>	<i>2017</i>
Cost					
Balance, beginning of year	47,316,577	1,786,358	154,136	49,257,071	48,657,396
Acquisition of tangible capital assets	2,980,614	-	-	2,980,614	599,675
Balance, end of year	50,297,191	1,786,358	154,136	52,237,685	49,257,071
Accumulated amortization					
Balance, beginning of year	28,261,376	214,364	41,869	28,517,609	26,892,432
Annual amortization	1,773,834	71,454	20,618	1,865,906	1,625,177
Balance, end of year	30,035,210	285,818	62,487	30,383,515	28,517,609
Net book value of tangible capital assets	20,261,981	1,500,540	91,649	21,854,170	20,739,462
2017					
Net book value of tangible capital assets	19,055,201	1,571,994	112,267	20,739,462	

Poplar River First Nation
Schedule 2 - Consolidated Schedule of Operations by Segment
For the year ended March 31, 2018

	Schedule #	Revenue	Expenses	2018 Surplus (deficit)	2017 Surplus (deficit)
Segment					
Band Governance	3	1,429,117	2,374,106	(944,989)	(826,204)
Social Services	4	2,005,012	2,220,562	(215,550)	(53,599)
Land Management	5	130,704	146,557	(15,853)	(35,998)
Subsidized Housing	6	240,303	381,089	(140,786)	(65,317)
Community Infrastructure	7	3,056,797	2,158,152	898,645	(196,672)
Education	8	4,717,973	4,472,766	245,207	629,952
Community Wellness	9	3,122,310	2,486,934	635,376	287,145
Economic Development	10	492,611	414,440	78,171	130,659
Training and Development	11	294,389	229,512	64,877	62,979
Other	12	2,075,408	1,180,734	894,674	375,519
Asatiwisiipe Construction Inc.	13	1,768,626	1,191,705	576,921	(127,415)
Negginan Fishing Station Ltd.	14	1,170,480	1,192,532	(22,052)	-
Group Home	15	664,812	612,806	52,006	(60,179)
		21,168,542	19,061,895	2,106,647	120,870

Poplar River First Nation
Band Governance
Schedule 3 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	966,830	892,657
Other revenue	462,287	299,604
	1,429,117	1,192,261
Expenses		
Amortization	786,466	600,618
Bad debts	37,162	31,139
Bank charges and interest	32,058	84,169
Compensation	1,044,694	804,451
Election	600	13,148
Financial Management System certification	41,388	-
Freight and postage	1,780	406
Insurance	2,500	-
Professional fees	119,859	144,579
Program delivery	12,656	12,442
Repairs and maintenance	40,306	16,067
Supplies	53,019	80,672
Telephone	39,960	29,792
Training	41,049	66,219
Travel	116,188	130,534
Utilities	4,421	4,229
	2,374,106	2,018,465
Deficit	(944,989)	(826,204)

Poplar River First Nation
Social Services
Schedule 4 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	2,061,452	2,160,302
Recoveries from funding agencies	(56,440)	-
	2,005,012	2,160,302
Expenses		
Bank charges and interest	12,793	9,854
Compensation	64,151	70,481
Funerals	-	1,715
Professional fees	2,000	-
Social assistance	2,139,172	2,120,433
Supplies	2,006	6,875
Travel	440	4,543
	2,220,562	2,213,901
Deficit	(215,550)	(53,599)

Poplar River First Nation
Land Management
Schedule 5 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	60,000	-
Other revenue	70,704	-
Revenue deferred in prior year	-	25,596
	130,704	25,596
Expenses		
Compensation	13,580	-
Professional fees	108,424	34,348
Program delivery	-	23,557
Repairs and maintenance	21,346	126
Travel	3,207	3,563
	146,557	61,594
Deficit	(15,853)	(35,998)

Poplar River First Nation
Subsidized Housing
Schedule 6 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Canada Mortgage and Housing Corporation subsidy	167,515	154,904
Rent	127,297	139,744
Canada Mortgage and Housing Corporation retrofit recovery	(54,509)	94,509
	240,303	389,157
Expenses		
Amortization	158,675	157,552
Insurance	24,277	37,711
Interest on long-term debt	38,994	42,563
Overhead	13,997	15,770
Professional fees	12,600	7,200
Repairs and maintenance	132,546	153,678
Retrofit initiative	-	40,000
	381,089	454,474
Deficit	(140,786)	(65,317)

Poplar River First Nation
Community Infrastructure
Schedule 7 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	2,192,167	2,779,650
Other revenue	63,625	94,265
Rent	131,573	145,512
Fuel sales	65,936	52,000
Construction revenue	152,500	-
Recoveries from funding agencies	(9,073)	(30,000)
Revenue deferred in prior year	770,594	154,113
Revenue deferred to subsequent year	(310,525)	(770,594)
	3,056,797	2,424,946
Expenses		
Amortization	807,793	765,457
Bank charges and interest	11,247	-
Compensation	473,646	583,536
Fuel	83,583	79,210
Insurance	165,158	198,773
Interest on long-term debt	120,308	89,511
Professional fees	-	20,312
Program delivery	8,758	2,670
Rent	640	-
Repairs and maintenance	407,622	784,391
Supplies	17,732	23,891
Telephone	8,434	8,764
Travel	18,608	11,051
Utilities	34,623	54,052
	2,158,152	2,621,618
Surplus (deficit)	898,645	(196,672)

Poplar River First Nation
Education
Schedule 8 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	5,454,370	4,884,611
Other revenue	9,881	114,318
Rent	51,446	40,341
Recoveries from funding agencies	(453)	-
Revenue deferred to subsequent year	(797,271)	-
	4,717,973	5,039,270
Expenses		
Allowances	589,475	604,829
Compensation	2,461,063	2,363,244
Freight and postage	13,948	11,071
Fuel	75,664	7,298
Insurance	66,386	78,853
Professional fees	15,946	120,000
Program delivery	164,023	225,066
Repairs and maintenance	78,456	100,932
Supplies	167,915	112,601
Telephone	9,296	12,217
Training	39,670	35,910
Travel	96,383	65,782
Tuition	642,229	574,773
Utilities	52,312	96,742
	4,472,766	4,409,318
Surplus	245,207	629,952

Poplar River First Nation
Community Wellness
Schedule 9 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	85,230	85,230
Health Canada	2,806,161	2,084,679
Other revenue	-	32,000
Revenue deferred in prior year	729,406	454,832
Revenue deferred to subsequent year	(480,777)	(729,406)
Recoveries from funding agencies	(17,710)	-
	3,122,310	1,927,335
Expenses		
Allowances	21,041	-
Amortization	20,900	-
Community donations and events	21,460	19,793
Compensation	1,438,938	847,789
Freight and postage	21,379	4,225
Fuel	6,880	14,006
Insurance	24,341	52,696
Professional fees	66,435	4,400
Program delivery	344,086	175,062
Repairs and maintenance	77,697	62,899
Supplies	176,399	118,292
Telephone	30,047	22,225
Training	54,158	62,270
Travel	136,010	90,341
Utilities	47,163	166,192
	2,486,934	1,640,190
Surplus	635,376	287,145

Poplar River First Nation
Economic Development
Schedule 10 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	-	12,000
Other revenue	104,834	174,933
Construction revenue	247,271	189,077
Southeast Economic Resource Development Corp.	675,000	-
Revenue deferred to subsequent year	(534,494)	-
	492,611	376,010
Expenses		
Amortization	71,454	71,454
Compensation	96,401	44,064
Freight and postage	3,624	173
Fuel	10,706	11,000
Professional fees	-	2,295
Program delivery	3,741	-
Repairs and maintenance	194,998	108,372
Supplies	4,813	129
Telephone	1,841	-
Travel	14,233	7,864
Utilities	12,629	-
	414,440	245,351
Surplus	78,171	130,659

Poplar River First Nation
Training and Development
Schedule 11 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	55,038	74,848
Other revenue	239,351	192,141
	294,389	266,989
 Expenses		
Compensation	186,190	176,170
Freight and postage	180	-
Professional fees	-	3,500
Program delivery	-	72
Repairs and maintenance	25,568	6,063
Supplies	7,722	7,940
Telephone	1,056	771
Training	8,796	9,494
	229,512	204,010
 Surplus	64,877	62,979

Poplar River First Nation
Other
Schedule 12 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Other revenue	29,930	119,852
Income from Government Business Partnership	908,022	836,870
Rent	20,000	20,000
Tobacco tax rebate	334,048	318,609
	1,292,000	1,295,331
Expenses		
Allowances	164,079	300
Community donations and events	722,799	646,230
Funerals	129,653	168,804
Manitoba First Nations Trust allocations	113,503	104,609
Professional fees	50,700	(131)
	1,180,734	919,812
Surplus before other items	111,266	375,519
Internal transactions		
Events contribution from Asatiwisipe Construction Ltd	29,657	-
Contribution from Asatiwisipe Construction Ltd.	633,751	-
Equipment rent revenue	120,000	-
	783,408	-
Surplus	894,674	375,519

Poplar River First Nation
Asatiwisipe Construction Inc.
Schedule 13 - Consolidated Segment Schedule of Operations

For the year ended March 31, 2018

	2018	2017
Revenue		
Construction revenue	2,552,034	249,273
Expenses		
Amortization	20,617	30,096
Bank charges and interest	1,342	-
Compensation	385,588	-
Professional fees	16,169	-
Rent	183,516	-
Repairs and maintenance	515,153	346,592
Supplies	50,054	-
Telephone	1,673	-
Training	15,495	-
Travel	2,098	-
	1,191,705	376,688
Surplus (deficit) before other items	1,360,329	(127,415)
Internal transactions		
Poplar River First Nation Events	(29,657)	-
Distribution to Poplar River First Nation	(633,751)	-
Equipment rent	(120,000)	-
	(783,408)	-
Surplus (deficit)	576,921	(127,415)

**Poplar River First Nation
Negginan Fishing Station Ltd.**
Schedule 14 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Fishing sales	1,170,480	1,205,908
Expenses		
Payments to Fishers	1,192,532	1,205,908
Surplus (deficit)	(22,052)	-

Poplar River First Nation
Group Home
Schedule 15 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Other	664,812	352,027
 Expenses		
Allowances	27,498	18,314
Bank charges and interest	1,701	2,478
Community donations and events	1,122	658
Freight and postage	4,463	627
Insurance	10,566	6,823
Supplies	153,463	73,056
Repairs and maintenance	62,697	56,273
Compensation	316,906	227,535
Telephone	3,149	4,049
Travel	24,789	14,889
Utilities	6,452	7,504
	612,806	412,206
 Surplus (deficit)	52,006	(60,179)