

**Pine Creek First Nation
Consolidated Financial Statements**

March 31, 2019

Pine Creek First Nation
Consolidated Contents
For the year ended March 31, 2019

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedules	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	14
Schedule 2 - Schedule of Consolidated Expenses by Object.....	16
Schedule 3 - Consolidated Schedule of Segment Revenue and Expenses.....	17
Schedule 4 - Consolidated Schedule of Revenue and Expenses - Economic Development.....	18
Schedule 5 - Consolidated Schedule of Revenue and Expenses - Employment and Training.....	19
Schedule 6 - Consolidated Schedule of Revenue and Expenses - Governance and Administration.....	20
Schedule 7 - Consolidated Schedule of Revenue and Expenses - Health Authority.....	21
Schedule 8 - Consolidated Schedule of Revenue and Expenses - Housing Authority - CMHC.....	22
Schedule 9 - Consolidated Schedule of Revenue and Expenses - Social Services.....	23

Management's Responsibility

To the Chief and Council and Members of Pine Creek First Nation:

The accompanying consolidated financial statements of Pine Creek 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 principles 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 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 financial statements.

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

MNP LLP is appointed by the Chief and Council and Members to audit the 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.

January 31, 2020



Chief



Chief Financial
Officer

Independent Auditors' Report

To the Chief and Council and Members of Pine Creek First Nation:

Opinion

We have audited the consolidated financial statements of Pine Creek First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the First Nation for the year ended March 31, 2018 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those statements on August 28, 2019.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Portage la Prairie, Manitoba

January 31, 2020

MNP LLP

Chartered Professional Accountants

MNP
LLP

Pine Creek First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

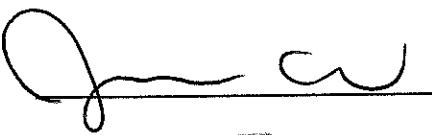
	2019	2018 (Restated- Note 19)
Financial assets		
Current		
Cash	1,752,225	983,781
Accounts receivable (Note 3)	858,823	984,720
Inventory for resale (Note 4)	66,028	54,482
Restricted cash (Note 5)	4,729	4,729
	2,681,805	2,027,712
Funds held in trust (Note 6)	14,012	13,402
Funds on deposit (Note 7)	314,285	-
Total financial assets	3,010,102	2,041,114
Liabilities		
Current		
Accounts payable and accruals (Note 8)	1,313,558	1,594,739
Deferred revenue (Note 9)	1,438,072	528,975
Current portion of long-term debt (Note 10)	401,000	200,252
	3,152,630	2,323,966
Long-term debt (Note 10)	4,798,264	4,566,270
Total financial liabilities	7,950,894	6,890,236
Net debt	(4,940,792)	(4,849,122)
Contingencies (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	20,688,846	22,197,808
Prepays	-	82,753
Construction in progress (Note 12)	1,479,266	-
Total non-financial assets	22,168,112	22,280,561
Accumulated surplus	17,227,320	17,431,439

Approved on behalf of Chief and Council



Chief

Councillor



Councillor

Councillor

Pine Creek First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	2019 Budget	2019	2018 (Restated - Note 19)
Revenue				
Indigenous Services Canada (Note 13)		4,212,356	7,365,181	5,274,578
First Nations and Inuit Health (Note 13)		2,145,016	2,361,567	2,313,132
First Peoples Development Inc. (Note 13)		695,795	743,909	762,984
Canada Mortgage and Housing Corporation (Note 13)		202,100	207,801	352,313
Enbridge revenue		40,000	60,025	-
Tobacco tax rebates		90,000	515,248	214,415
Province of Manitoba		103,000	275,137	184,683
Manitoba Hydro		185,000	175,844	-
Manitoba Casino Trust		10,000	10,478	-
Video Lottery revenue		4,232,775	2,640,298	3,588,897
Sales		2,322,000	2,365,789	2,135,182
Rental income		424,155	650,598	346,925
Administration fees		203,082	209,279	193,982
Insurance income		247,475	117,281	-
Miscellaneous		103,030	92,819	46,281
User fees		177,422	44,265	-
Other income		413,911	53,587	3,082
Septic revenue		-	38,050	-
Feed the Children		-	26,000	-
Donations		14,000	12,132	-
Daycare fees		3,000	7,734	6,759
CIER		-	7,299	-
Deferred revenue - prior year		-	528,975	-
Deferred revenue - current year		-	(1,438,072)	(528,975)
Repayment of funding		(4,764)	(29,309)	-
		15,819,353	17,041,915	14,894,238
Program expenses				
Economic Development	4	6,705,693	5,794,220	6,084,663
Employment and Training	5	706,414	758,730	777,325
Governance and Administration	6	2,988,568	4,301,859	3,938,099
Health Authority	7	2,352,775	2,431,449	2,008,954
Housing Authority - CMHC	8	942,138	1,869,514	717,623
Social Services	9	1,696,824	2,090,262	1,919,792
Total expenditures (Schedule 2)		15,392,412	17,246,034	15,446,456
Surplus (deficit)		426,941	(204,119)	(552,218)
Accumulated surplus, beginning of year, as previously stated		17,431,439	17,431,439	17,518,098
Prior period adjustments (Note 20)		-	-	465,559
Accumulated surplus, beginning of year, as restated		17,431,439	17,431,439	17,983,657
Accumulated surplus, end of year		17,858,380	17,227,320	17,431,439

The accompanying notes are an integral part of these financial statements

Pine Creek First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2019

	2019 Budget	2019	2018 (Restated - Note 19)
Annual surplus (deficit)	426,941	(204,119)	(552,218)
Purchases of tangible capital assets	-	(732,207)	(196,920)
Amortization of tangible capital assets	-	2,241,169	1,140,118
Use of prepaid expenses	-	82,753	-
Acquisition of prepaid expenses	-	-	(82,753)
Acquisition of construction in progress	-	(1,479,266)	-
Prior period adjustments	-	-	465,559
Increase (decrease) in net debt	426,941	(91,670)	773,786
Net debt, beginning of year	(4,849,122)	(4,849,122)	(5,622,908)
Net debt, end of year	(4,422,181)	(4,940,792)	(4,849,122)

Pine Creek First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

2019 **2018**
(Restated -
Note 19)

Cash provided by (used for) the following activities

Operating activities

Deficit	(204,119)	(552,218)
Non-cash items		
Amortization	2,241,169	1,140,118
Deferred revenue - current year	1,438,072	528,975
Deferred revenue - prior year	(528,975)	-
	2,946,147	1,116,875
Changes in working capital accounts		
Accounts receivable	125,897	(303,897)
Inventory	(11,546)	(5,183)
Prepaid expenses	82,753	(82,753)
Funds held in trust	(610)	4,134
Funds on deposit	(314,285)	-
Restricted cash	-	(4,729)
Accounts payable and accruals	(281,181)	(670,043)
	2,547,175	54,404

Financing activities

Advances of long-term debt	767,752	350,000
Repayment of long-term debt	(335,010)	(368,569)
	432,742	(18,569)

Capital activities

Purchases of tangible capital assets	(732,207)	(196,920)
Acquisition of construction in progress	(1,479,266)	-
	(2,211,473)	(196,920)

Increase (decrease) in cash resources	-	(161,085)
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Cash resources, beginning of year	983,781	1,144,866
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Cash resources, end of year	1,752,225	983,781
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Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

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

2. Significant accounting policies

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation's reporting entity. Trusts administered on behalf of third parties by Pine Creek First Nation are excluded from the First Nation's reporting entity.

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

- Pine Creek First Nation Economic Development
- Pine Creek First Nation Employment and Training
- Pine Creek First Nation Governance and Administration
- Pine Creek First Nation Health Authority
- Pine Creek First Nation Housing Authority - CMHC
- Pine Creek First Nation Social Services

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

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

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

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.

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Amortization

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

	Method	Rate
Buildings	straight-line	4 %
Housing	straight-line	4 %
Facilities	straight-line	4 %
Equipment	straight-line	20 %
Infrastructure	straight-line	2.5 %
Roads	straight-line	2.5 %
Automotive	straight-line	20 %

Funds held in Trust

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the 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 trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

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 Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in operations for the year.

Asset classification

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

Liability for contaminated site

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 March 31, 2019.

No liability has been recorded as of March 31, 2019 as funding from government agencies will offset any costs associated with the closure of landfill sites.

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Revenue recognition

Government Transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

VLT revenue

The Nation recognizes VLT revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Manitoba Liquor and Lotteries Corporation. Management believes that it is appropriate to present these commissions net of gaming revenue as these amounts are fixed as per their agreement with Manitoba Liquor and Lotteries Corporation.

Tobacco Tax Revenue

Tobacco tax revenue is recognized when the goods have been delivered, the amount is determinable and collection has occurred.

Rental and other revenue

Rental revenue is recognized over the rental term. Other revenues are earned from other services provided by the Nation and are recognized at their fair value when the service has been provided. Retail sales are recognized when the sale is made and the customer takes possession of the merchandise.

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 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 appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Payable to funding agencies is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies review of consolidated financial statements. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Segments

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

For each 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. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

- **Governance and Administration** - activities includes administration and governance activities relating to defining expectations, decision making and assessing performance, the operations and funding of education programs, and planning and delivery of capital investment activities.
- **Economic Development** - activities includes economic development activities and administration of Manitoba Liquor and Lotteries Corporation licensing and VLT services.

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

- **Social Services** - activities include satisfying the economic, social or health related needs of members of the community who require assistance.
- **Housing Authority** - activities include management, maintenance and reporting on band owned housing projects and management, maintenance and reporting on CMHC housing projects.
- **Employment and Training** - activities includes the operations of employment and training programs to assist community members overcome potential employment barriers and the operations of the daycare.
- **Health** - activities include planning and delivery of the Nation's First Nations and Inuit Health funding and projects.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 under reporting entity.

Employee future benefits

The Nation's employee future benefit programs consist of defined contribution pension plans. The Nation's contributions to the defined contribution plans are expensed as incurred.

3. Accounts receivable

	2019	2018 (Restated - Note 19)
Indigenous Services Canada	218,735	396,118
CMHC subsidy assistance receivable	5,105	-
CMHC replacement reserve top-up	9,156	164,916
Province of Manitoba	61,993	93,258
Enbridge	20,000	-
CMHC HIFNIY and Skills	13,541	-
Trade	530,293	330,428
	858,823	984,720

Accounts receivable from Indigenous Services Canada pertains to the following programs:

Basic Needs	\$ 148,935
Replacement Home - 735 McKay	\$ 60,000
Red Cross	<u>\$ 9,800</u>
	<u>\$ 218,735</u>

4. Inventory for resale

	2019	2018
Fuel	11,052	22,191
Tobacco	29,371	10,876
Groceries	6,119	5,031
Other	19,486	16,384
	66,028	54,482

The cost of inventories recognized as an expense and included in cost of goods sold amounted to \$1,961,661 (2018 – \$2,088,089).

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

5. Restricted cash

Restricted cash is comprised of \$4,729 (2018 - \$4,729) for the purpose of funding CMHC replacement reserves.

6. Funds held in trust

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

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

	2019	2018
Capital Trust		
Balance, end of year	24	24
Revenue Trust		
Balance, beginning of year	13,378	13,378
Interest	610	-
Balance, end of year	13,988	13,378
	14,012	13,402

7. Funds on deposit

The balance of funds on deposit at year end was \$314,285 for payments that were made to Kehler Industrial for the repairs of the water treatment plant that are yet to commence.

8. Accounts payable and accruals

	2019	2018
		(Restated - Note 19)
Indigenous Services Canada	343,556	343,556
Trade payables	918,713	1,251,183
Payroll liabilities	51,289	-
	1,313,558	1,594,739

Accounts payable to Indigenous Services Canada pertains to the following programs:

Band Support Funding	\$250,230
Recovery	\$ 86,901
First Nations & Inuit - Skills Link	\$ 6,425
	\$343,556

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	2019	2018
Indigenous Services Canada - 5 Unit Project	166,000	-
Indigenous Services Canada - Community Well-Being and Jurisdiction Initiatives	276,354	-
Indigenous Services Canada - Law Making Governance Capacity Development	20,000	-
Indigenous Services Canada - Finance Management Government Capacity Development	148,494	-
Indigenous Services Canada - Education Training and Building Capacity	5,000	-
Indigenous Services Canada - CED Non Block/Core Allocation	12,400	-
Indigenous Services Canada - Planning	72,500	75,000
Indigenous Services Canada - Waste Diversion Management	286,096	-
Indigenous Services Canada - Case Management Capacity	27,299	-
Indigenous Services Canada - Projects and Capacity	175,548	-
Indigenous Services Canada - Capacity/Innovation	20,000	-
First Nation and Inuit Health - Accreditation	-	30,000
First Nation and Inuit Health - Jordan's Principle	228,381	423,975
	1,438,072	528,975

10. Long-term debt

	2019	2018
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$471, including interest payable at 1.85%. Mortgage matures May 1, 2021 and is secured by Band Council Resolution redirecting all ISC funding (Phase 2 - Pre 1997).	11,997	17,374
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,843, including interest payable at 1.82%. Mortgage matures July 1, 2024 and is secured by Band Council Resolution redirecting all ISC funding (Phase 1 - Post 1996).	234,267	275,730
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$2,985, including interest payable at 1.85%. Mortgage matures October 1, 2028 and is secured by Band Council Resolution redirecting all ISC funding (Phase 2 - Post 1996).	314,427	344,152
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$4,494, including interest payable at 1.97%. Mortgage matures November 1, 2037 and is secured by Band Council Resolution redirecting all ISC funding (Phase 3 - Post 1996).	842,303	879,310
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$1,335, including interest payable at 0.94%. Mortgage matures September 1, 2040 and is secured by Band Council Resolution redirecting all ISC funding (Phase 4 - Post 1996).	311,729	324,754
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,338, including interest payable at 2.22%. Mortgage matures January 1, 2034 and is secured by Band Council Resolution redirecting all ISC funding (Phase 5 - Post 1996).	506,167	-
Canada Mortgage and Housing Corporation Phase 6 mortgage not fully dispersed.	146,768	-
Canada Mortgage and Housing Corporation mortgage, repayable in monthly instalments of \$3,689, including interest payable at 0.92%. Mortgage matures September 1, 2019 and is secured by Band Council Resolution redirecting all ISC funding (Phase 1 - Pre 1997).	22,074	65,922

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

	2019	2018
Phase 9 Canada Mortgage and Housing Corporation mortgage, accruing interest at 1.94%, repaid during the year.	-	19,223
RBC loan repayable in monthly instalments of \$6,624 including interest at 5.12%, due November 2022 and is secured by Ministerial Guarantee and assignment of all risks insurance.	265,194	329,465
Fusion Credit Union loan repayable in monthly instalments of \$2,850 including interest at prime plus 1.25%, due July 2024 and is secured by land, Ministerial Guarantee and assignment of all risks insurance.	78,192	90,872
RBC non-revolving term loan with no monthly instalments required, due July 2019 including interest at prime plus 2.00% and is secured by Ministerial Guarantee and assignment of all risks insurance.	73,933	-
Loan repayable in monthly instalments of \$12,500 including interest at 4.25%, due May 2035 and is secured by land and assignment of tobacco revenues.	2,007,256	2,075,647
Penner Oil loan repayable upon default of fuel contract bearing interest at the prescribed rate of 5.90% and is secured by fuel equipment and assignment of Red Sun Smoke Shop and Gas Bar revenues.	384,957	344,073
	5,199,264	4,766,522
<u>Less: current portion</u>	401,000	200,252
	4,798,264	4,566,270

Principal repayments on long-term debt in each of the next five years are estimated as follows:

	Principal
2020	401,000
2021	315,000
2022	320,000
2023	303,000
2024	258,000
	1,597,000

Interest on long-term debt amounted to \$206,799 (2018 - \$35,409).

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. Contingent liabilities

A claim has been filed against Pine Creek First Nation and Pine Creek First Nation Economic Development Corporation by Century 21 Westman.com Ltd in the amount of \$131,250 regarding commissions that are claimed to be owed on the purchase of a parcel of land in Dauphin. A Statement of Defence has been filed and the litigation is ongoing.

A claim has been filed against Pine Creek First Nation Economic Development Corporation by Liscour Construction Ltd in the amount of \$322,690 plus interest and damages. A Statement of Defence has been filed and the litigation is ongoing.

A claim has been filed against Pine Creek First Nation Economic Development Corporation by 5208620 Manitoba Ltd. in the amount of \$302,518 plus interest and other costs. A Statement of Defence has been filed and the litigation is ongoing.

The Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent any funding amounts related to the year ended March 31, 2019 might be recovered.

First Nations Financial Transparency Act

The Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to Indigenous Services Canada by July 29, 2019. Since the audit report is dated after this date, the Nation has not complied with this requirement.

12. Construction in progress

	2019	2018
Jordan's Principle building	412,500	-
5 unit housing project	1,066,766	-
	1,479,266	-

During the year, the Nation began construction of the 5 unit housing project. The balance of the construction in progress at year end was \$1,066,766. The projected completion date of the project is October 2019. The Nation also began construction of a new building for the Jordan's Principle program with a projected completion date of March 2020.

13. Government transfers

During the year, the First Nation recognized the following government transfers as per revenue confirmations:

	2019	2018
Indigenous Services Canada - operational program funding	7,365,181	5,274,578
First Nations and Inuit Health - operational program funding	2,361,567	2,313,132
First Peoples Development Inc.	743,909	762,984
Canada Mortgage and Housing Corporation - operational program funding	207,801	352,313
Indigenous Services Canada - prior year deferred funding	75,000	-
First Nations and Inuit Health - prior year deferred funding	453,975	-
Indigenous Services Canada - current year deferred funding	(1,209,691)	(75,000)
First Nations and Inuit Health - current year deferred funding	(228,381)	(453,975)
First Nations and Inuit Health - repayment of funding	(15,220)	-
First Peoples Development Inc. - repayment of funding	(14,089)	-
	9,740,052	8,174,032

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

14. Related party transactions

During the year, the First Nation paid expenses on behalf of Pine Creek First Nation C1 Joint Venture amounting to \$220,000.

At March 31, 2019, the First Nation has recorded trade accounts receivable from Pine Creek First Nation C1 Joint Venture. The First Nation has a 51% interest in Pine Creek First Nation C1 Joint Venture.

The above noted transactions were in the normal course of operations and were measured at the exchanged amount, which is the amount of consideration established and agreed to by the related parties.

15. Economic dependence

Pine Creek First Nation receives substantially all of its revenue from Indigenous Services Canada and First Nations and Inuit Health as a result of treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services 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.

16. Budget information

The disclosed budget information has been approved by the Chief and Council of Pine Creek First Nation at the Chief and Council meeting held on March 26, 2018.

17. Indigenous Services Canada funding

	2019	2018
Indigenous Services Canada confirmation balance	7,365,181	5,274,578
Indigenous Services Canada per consolidated financial statements	7,365,181	5,274,578

18. First Nations and Inuit Health funding

	2019	2018
First Nations and Inuit Health confirmation balance	2,361,567	2,313,132
First Nations and Inuit Health per consolidated financial statements	2,361,567	2,313,132

19. Comparative figures

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

Pine Creek First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

20. Correction of errors

During the year, the First Nation determined that the prior year audited financial statements were mistated for the following:

- CMHC replacement reserve top-up receivable of \$164,916 was not recorded in Housing Authority - CMHC;
- Tobacco Tax Rebate receivable of \$93,259 was not recorded in Economic Development;
- Cash balances of \$85,953 was not recorded in Economic Development;
- Cash balances of \$192,679 was not recorded in Health Authority;
- Payable of \$17,369 was not recorded in Economic Development;
- Payable of \$47,879 was not recorded in Social Services;
- Payable of \$6,000 was not recorded in Health Authority;

As a result of these corrections for the year ended March 31, 2018, current financial assets have increased by \$536,807, current financial liabilities have increased by \$71,248, and accumulated surplus has increased by \$465,559.

Pine Creek First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Automotive</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Housing</i>	<i>Facilities</i>	<i>Roads</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	1,074,622	430,892	845,941	14,114,079	28,219,309	1,926,964	46,611,807
Acquisition of tangible capital assets	170,392	-	10,995	550,820	-	-	732,207
Balance, end of year	1,245,014	430,892	856,936	14,664,899	28,219,309	1,926,964	47,344,014
Accumulated amortization							
Balance, beginning of year	443,598	150,837	597,777	8,937,751	17,923,367	1,304,428	29,357,758
Annual amortization	249,002	16,596	103,771	586,596	1,128,772	48,174	2,132,911
Balance, end of year	692,600	167,433	701,548	9,524,347	19,052,139	1,352,602	31,490,669
Net book value of tangible capital assets	552,414	263,459	155,388	5,140,552	9,167,170	574,362	15,853,345
2018 Net book value of tangible capital assets	631,023	280,055	248,164	5,176,328	10,295,942	622,536	17,254,048

Pine Creek First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Water and Sewer</i>	<i>Land</i>	<i>2019</i>	<i>2018</i>
Cost					
Balance, beginning of year	46,611,807	4,330,366	2,898,366	53,840,539	53,643,616
Acquisition of tangible capital assets	732,207	-	-	732,207	196,920
Balance, end of year	47,344,014	4,330,366	2,898,366	54,572,746	53,840,536
Accumulated amortization					
Balance, beginning of year	29,357,758	2,284,973	-	31,642,731	30,502,610
Annual amortization	2,132,911	108,258	-	2,241,169	1,140,118
Balance, end of year	31,490,669	2,393,231	-	33,883,900	31,642,728
Net book value of tangible capital assets	15,853,345	1,937,135	2,898,366	20,688,846	22,197,808
2018 Net book value of tangible capital assets	17,254,048	2,045,394	2,898,366	22,197,808	

Pine Creek First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019 Budget	2019	2018 (Restated - Note 19)
Consolidated expenses by object			
Accommodations	43,732	62,849	45,047
Administration	233,020	210,936	222,163
Advertising	621	900	-
Allowances	496,548	299,048	309,621
Amortization	-	2,241,169	1,140,118
Bad debts	-	266,227	-
Bank charges and interest	10,393	55,955	29,223
Basic needs	-	1,298,152	1,248,576
Capital purchases	94,676	776	-
Cash prizes paid	3,438,832	2,119,212	2,913,875
Co-management fees	52,000	50,000	100,457
Commission and machine rental	15,515	175,889	191,509
Community support	184,529	97,505	88,255
Contracted services	172,403	49,569	121,676
Cost of goods sold	1,790,400	1,961,661	2,088,089
Equipment rental	181,463	165,890	299,967
Fire protection	-	34,639	-
Fuel	6,000	6,597	3,020
Funeral	-	15,353	22,411
General	179,340	366,738	-
Honouraria(um)	350,000	359,663	181,547
Insurance	87,288	202,775	223,596
Interest on long-term debt	511,788	206,799	35,409
Miscellaneous	2,604	1,534	500
Office	63,690	86,597	151,192
Professional development	107,150	63,728	5,857
Professional fees	63,371	175,359	51,139
Program expenses	2,026,468	570,632	517,774
Property tax	-	1,659	-
Rent	24,000	119,850	27,926
Repairs and maintenance	900,934	937,651	1,100,123
Residential Rehabilitation Assistance Program	80,860	6,400	-
Salaries and benefits	3,517,509	3,327,384	2,933,314
Security	-	3,000	-
Shelter allowance	-	156,452	147,622
Special needs	46,248	59,678	58,718
Student expenses	-	4,624	-
Supplies	72,846	137,225	123,890
Telephone	69,634	68,438	60,766
Training	17,289	41,639	-
Travel	469,403	560,207	445,284
Tuition	-	214,779	194,176
User fees	-	23,182	21,475
Utilities	81,858	437,714	342,141
	15,392,412	17,246,034	15,446,456

Pine Creek First Nation
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	Schedule #	Budget (unaudited)	ISC Revenue	Other Revenue	Deferred Revenue	Manitoba Casino Trust	Total Revenue	Total Expenses	Current Surplus (Deficit)	Prior Year Surplus (Deficit)
Economic Development	4	336,112	-	5,885,805	-	10,478	5,896,283	5,794,220	102,063	(22,447)
Employment and Training	5	(7,619)	-	737,554	-	-	737,554	758,730	(21,176)	(7,582)
Governance and Administration	6	(139,667)	3,836,915	382,381	(968,691)	-	3,250,605	4,301,859	(1,051,254)	(598,391)
Health Authority	7	(39,441)	-	2,573,380	225,594	-	2,798,974	2,431,449	367,525	44,185
Housing Authority - CMHC	8	257,537	1,618,438	782,894	(166,000)	-	2,235,332	1,869,514	365,818	(18,385)
Social Services	9	20,019	1,909,828	213,339	-	-	2,123,167	2,090,262	32,905	50,402
		426,941	7,365,181	10,575,353	(909,097)	10,478	17,041,915	17,246,034	(204,119)	(552,218)

Pine Creek First Nation
Economic Development
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019 Unaudited	2018 Unaudited
Revenue			
Indigenous Services Canada	-	-	77,441
Tobacco tax rebates	90,000	515,248	214,415
Manitoba Hydro	185,000	175,844	-
Province of Manitoba	45,000	23,650	-
Manitoba Casino Trust	10,000	10,478	-
Video Lottery revenue	4,232,775	2,640,298	3,588,897
Sales	2,322,000	2,365,789	2,135,182
Miscellaneous	103,030	62,819	46,281
Enbridge revenue	40,000	60,025	-
Rental income	-	30,000	-
Donations	14,000	12,132	-
	7,041,805	5,896,283	6,062,216
Expenses			
Advertising	621	900	-
Amortization	-	104,207	78,651
Bank charges and interest	4,109	7,945	6,262
Cash prizes paid	3,438,832	2,119,212	2,913,875
Commission and machine rental	15,515	175,889	191,509
Community support	184,529	97,505	88,255
Contracted services	37,200	10,661	-
Cost of goods sold	1,790,400	1,961,661	2,088,089
Fuel	6,000	6,597	3,020
General	179,340	366,738	-
Honouraria(um)	30,000	23,998	-
Insurance	1,350	1,168	23,803
Interest on long-term debt	81,600	122,492	-
Office	7,636	28,772	5,206
Professional fees	31,550	29,615	3,368
Repairs and maintenance	6,578	2,136	11,310
Salaries and benefits	717,131	615,553	617,999
Supplies	12,000	800	13,781
Telephone	14,212	16,966	3,305
Training	9,400	8,593	-
Travel	113,987	52,215	10,402
Utilities	23,703	40,597	25,828
	6,705,693	5,794,220	6,084,663
Surplus (deficit)	336,112	102,063	(22,447)

Pine Creek First Nation
Employment and Training
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019 Unaudited	2018 Unaudited
Revenue			
First Peoples Development Inc.	695,795	743,909	762,984
Daycare fees	3,000	7,734	6,759
Repayment of funding	-	(14,089)	-
	698,795	737,554	769,743
Expenses			
Administration	-	1,657	404
Amortization	-	4,480	2,479
Bank charges and interest	2,090	3,484	592
Insurance	5,279	5,613	-
Office	10,284	10,549	25,699
Professional development	15,500	10,606	-
Professional fees	12,384	12,390	3,500
Program expenses	349,898	329,814	313,666
Rent	-	30,000	6,926
Repairs and maintenance	12,000	32,941	87,891
Salaries and benefits	255,131	261,488	296,395
Security	-	3,000	-
Telephone	2,561	8,798	7,166
Travel	37,291	34,112	27,276
Utilities	3,996	9,798	5,331
	706,414	758,730	777,325
Deficit	(7,619)	(21,176)	(7,582)

Pine Creek First Nation
Governance and Administration
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019 Unaudited	2018 Unaudited
Revenue			
Indigenous Services Canada	2,405,353	3,836,915	3,353,620
Province of Manitoba	58,000	38,148	58,006
Rental income	149,880	173,236	-
User fees	176,472	42,515	-
Administration fees	30,000	38,246	-
Septic revenue	-	38,050	-
Other income	29,196	44,887	3,082
CIER	-	7,299	-
Deferred revenue - prior year	-	75,000	-
Deferred revenue - current year	-	(1,043,691)	(75,000)
	2,848,901	3,250,605	3,339,708
Expenses			
Administration	38,246	18,146	27,777
Allowances	496,548	299,048	309,621
Amortization	-	1,420,131	741,544
Bank charges and interest	300	36,026	17,977
Capital purchases	-	776	-
Co-management fees	52,000	50,000	100,457
Contracted services	135,203	38,908	121,676
Equipment rental	181,463	165,890	299,967
Fire protection	-	34,639	-
Honouraria(um)	320,000	335,665	181,547
Insurance	71,232	167,472	105,203
Interest on long-term debt	156,300	49,195	2,874
Miscellaneous	2,604	-	500
Office	41,196	34,026	13,426
Professional development	35,004	39,299	3,089
Professional fees	15,000	112,649	39,834
Program expenses	25,000	40,255	26,864
Property tax	-	1,659	-
Repairs and maintenance	373,294	133,078	733,493
Salaries and benefits	869,218	813,755	732,725
Student expenses	-	4,624	-
Supplies	42,696	73,103	107,490
Telephone	36,408	28,211	41,395
Travel	50,500	144,967	77,635
Tuition	-	214,779	194,176
Utilities	46,356	45,558	58,829
	2,988,568	4,301,859	3,938,099
Deficit	(139,667)	(1,051,254)	(598,391)

**Pine Creek First Nation
Health Authority**
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019 Unaudited	2018 Unaudited
Revenue			
First Nations and Inuit Health	2,145,016	2,361,567	2,313,132
Administration fees	173,082	171,033	193,982
Miscellaneous	-	30,000	-
Feed the Children	-	26,000	-
Deferred revenue - prior year	-	453,975	-
Deferred revenue - current year	-	(228,381)	(453,975)
Repayment of funding	(4,764)	(15,220)	-
	2,313,334	2,798,974	2,053,139
Expenses			
Accommodations	43,732	62,844	45,048
Administration	194,774	171,033	193,982
Amortization	-	125,755	59,028
Bank charges and interest	3,670	3,434	3,670
Capital purchases	94,676	-	-
Insurance	9,428	6,418	9,428
Office	-	6,426	90,621
Professional development	56,646	13,823	2,768
Professional fees	937	13,993	937
Program expenses	149,710	182,963	163,178
Rent	24,000	89,850	21,000
Repairs and maintenance	20,230	24,660	27,225
Salaries and benefits	1,445,576	1,337,326	1,045,195
Supplies	18,150	52,684	-
Telephone	16,453	13,716	8,900
Travel	266,993	320,518	321,451
Utilities	7,800	6,006	16,523
	2,352,775	2,431,449	2,008,954
Surplus (deficit)	(39,441)	367,525	44,185

**Pine Creek First Nation
Housing Authority - CMHC**
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019 Unaudited	2018 Unaudited
Revenue			
Indigenous Services Canada	90,160	1,618,438	-
Canada Mortgage and Housing Corporation	202,100	207,801	352,313
Rental income	274,275	447,362	346,925
Insurance income	247,475	117,281	-
Other income	384,715	8,700	-
User fees	950	1,750	-
Deferred revenue - current year	-	(166,000)	-
	1,199,675	2,235,332	699,238
Expenses			
Administration	-	20,100	-
Amortization	-	586,596	258,416
Bank charges and interest	224	252	224
Insurance	-	22,105	85,162
Interest on long-term debt	273,888	35,112	32,535
Miscellaneous	-	1,534	-
Office	870	1,000	870
Professional fees	3,500	6,712	3,500
Repairs and maintenance	488,833	744,836	240,204
Residential Rehabilitation Assistance Program	80,860	6,400	-
Salaries and benefits	85,442	143,846	88,192
Training	7,889	33,046	-
Travel	632	1,748	8,520
Bad debts	-	266,227	-
	942,138	1,869,514	717,623
Surplus (deficit)	257,537	365,818	(18,385)

Pine Creek First Nation
Social Services
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019 Unaudited	2018 Unaudited
Revenue			
Indigenous Services Canada	1,716,843	1,909,828	1,843,517
Province of Manitoba	-	213,339	126,677
	1,716,843	2,123,167	1,970,194
Expenses			
Bank charges and interest	-	4,815	498
Basic needs	-	1,298,152	1,248,576
Funeral	-	15,353	22,411
Office	3,704	5,825	15,370
Program expenses	1,501,860	17,601	14,066
Salaries and benefits	145,012	155,417	152,807
Shelter allowance	-	156,452	147,622
Special needs	46,248	59,678	58,718
Supplies	-	10,638	2,619
Telephone	-	747	-
Travel	-	6,647	-
User fees	-	23,182	21,475
Utilities	-	335,755	235,630
	1,696,824	2,090,262	1,919,792
Surplus	20,019	32,905	50,402