

**LUCKY MAN FIRST NATION**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

**for the year ended March 31, 2016**

**Lucky Man First Nation**

**Index to the Program Schedules of Revenue and Expenses and Surplus (Deficit)**  
**March 31, 2016**

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### **Management Responsibility**

**To the Members of Lucky Man First Nation:**

The accompanying financial statements of Lucky Man First Nation are the responsibility of management and have been approved by the Chief and Council.

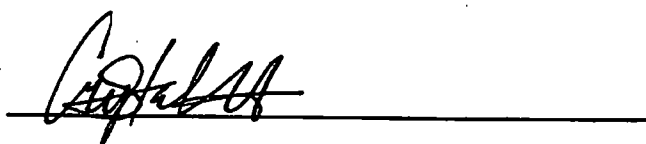
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting 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 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 financial statements.

The Lucky Man First Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 is also responsible for recommending the appointment of the First Nation's external auditors.

Gabriel Ng CPA P.C. Inc. is appointed by Chief and Council to audit the financial statements and report directly to them; their report follows.

The external auditor has full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

A handwritten signature in black ink, appearing to read 'Crystal Albert', is written over a horizontal line.

Crystal Albert, Band Manager of Lucky Man First Nation

February 12, 2017

## INDEPENDENT AUDITOR'S REPORT

To the Members of Lucky Man First Nation:

I have audited the accompanying financial statements of Lucky Man First Nation, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, changes in net debt, cash flows, and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the 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 the financial statements that is free from material misstatement, whether due to fraud or error.

### Independent Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Lucky Man First Nation as at March 31, 2016 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters

The financial statements of Lucky Man First Nation for the year ended March 31, 2015 were audited by another accounting firm who expressed an unqualified opinion on that financial statements on July 28, 2015.

*Gabriel Ng CPA P.C. Inc.*

Saskatoon, Saskatchewan  
February 12, 2017

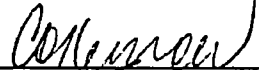
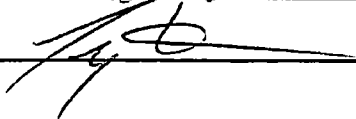
Chartered Professional Accountant

**Lucky Man First Nation**

**Statement of Financial Position as at March 31**

	<u>2016</u>	<u>2015</u> (as restated)
<b>Financial Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	\$ (68,645)	\$ 32,198
Accounts receivable (Note 5)	19,960	24,994
Investments (Note 6)	-	-
Restricted cash (Note 7)	666,743	617,243
	<u>618,058</u>	<u>674,435</u>
<b>Non-Current Assets</b>		
Funds Held in Trust (Note 8)	1,794,451	1,694,548
	<u>2,412,509</u>	<u>2,368,983</u>
<b>Financial Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 9)	98,340	24,784
Unexpended revenue (Note 10)	-	12,411
	<u>98,340</u>	<u>37,195</u>
<b>Net Financial Assets</b>	<u>2,314,169</u>	<u>2,331,788</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 11)	9,480	11,824
Prepaid expenses	1,350	3,683
	<u>10,830</u>	<u>15,507</u>
<b>Accumulated Surplus</b>	<u>\$ 2,324,999</u>	<u>\$ 2,347,295</u>
<b>Economic Dependence (Note 12)</b>		

Approved on behalf of Chief and Council

  
\_\_\_\_\_  
  
\_\_\_\_\_

Chief

Councillor

**Lucky Man First Nation**

**Statement of Operations and Accumulated Surplus for the Year Ended March 31**

	<b><u>2016 Budget (Note 13)</u></b>	<b><u>2016 Actual</u></b>	<b><u>2015 Actual (as restated)</u></b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada (Note 14)	\$ 252,474	\$ 252,474	\$ 271,195
Battlefords Tribal Council	16,000	31,030	16,750
Battlefords Agency Tribal Chiefs	2,500	18,000	2,450
First Nations Trust	50,000	49,831	50,414
Land lease income	100,000	64,586	83,062
Interest income and earnings distributions	100,100	103,994	87,581
Other income and recoveries	1,000	9,260	1,649
Administration fee (Note 15)	5,000	5,376	-
Recovered AANDC funding	-	(15,622)	(17,969)
	<u>527,074</u>	<u>518,929</u>	<u>495,132</u>
<b>Unexpended Revenue</b>			
Prior year	12,411	12,411	21,438
Current year	-	-	(12,411)
	<u>539,485</u>	<u>531,340</u>	<u>504,159</u>
<b>Expenses</b>			
Band Support (Schedule A)	171,496	176,766	160,699
Education (Schedule B)	59,950	59,132	38,512
Community Infrastructure (Schedule C)	25,943	56,867	31,345
Land Development (Schedule D)	80,504	80,472	91,320
Ottawa Trust Funds (Schedule E)	-	-	-
Health (Schedule F)	58,000	60,577	64,627
Other Project Revenue (Schedule G)	135,000	117,478	108,868
	<u>530,893</u>	<u>551,292</u>	<u>495,371</u>
<b>Surplus (Deficit) Before Other Items</b>	8,592	(19,952)	8,788
<b>Other Income (Expenses)</b>			
Depreciation recorded	(2,400)	(2,344)	(2,480)
Change in investment equity	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Annual Surplus (Deficit)</b>	6,192	(22,296)	6,308
<b>Accumulated Surplus, Beginning of the Year</b>	<u>2,340,987</u>	<u>2,347,295</u>	<u>2,340,987</u>
<b>Accumulated Surplus, End of the Year</b>	<u><u>\$ 2,347,179</u></u>	<u><u>\$ 2,324,999</u></u>	<u><u>\$ 2,347,295</u></u>

**Lucky Man First Nation**

**Statement of Changes in Net Financial Assets for the year ended March 31**

	<u>2016</u>	<u>2015</u> (as restated)
Surplus (Deficits) for the year	\$ (19,952)	\$ 8,788
Changes in Prepaid Expenses	<u>2,333</u>	<u>(3,590)</u>
Increase (Decrease) in Net Financial Assets	(17,619)	5,198
Balance of Net Financial Assets, beginning of the year	<u>2,331,788</u>	<u>2,326,590</u>
Balance of Net Financial Assets, end of the year	<u><u>\$ 2,314,169</u></u>	<u><u>\$ 2,331,788</u></u>

**Lucky Man First Nation**

**Statement of Changes in Surplus Balances for the year ended March 31**

	<u>2016</u>	<u>2015</u>
<b>Surplus, Appropriated for Education</b>		
Surplus, beginning of the year	\$ 617,243	\$ 556,459
Transfer from Unappropriated Surplus	<u>49,500</u>	<u>60,784</u>
Surplus, end of the year	<u>666,743</u>	<u>617,243</u>
<b>Surplus, Appropriated for Tangible Capital Assets</b>		
Surplus, beginning of the year	11,824	14,304
Amortization of tangible capital assets	<u>(2,344)</u>	<u>(2,480)</u>
Restricted Fund, end of the year	<u>9,480</u>	<u>11,824</u>
<b>Surplus, Operating</b>		
Surplus, beginning of the year	1,757,076	1,770,224
Prior year adjustments	<u>(38,848)</u>	<u>-</u>
Surplus, as restated	1,718,228	1,770,224
Surplus (Deficit) for the year	(19,952)	8,788
Transfer from Unappropriated Surplus	<u>(49,500)</u>	<u>(60,784)</u>
Surplus, end of the year	<u>1,648,776</u>	<u>1,718,228</u>
<b>Accumulated Surplus</b>	<u><u>\$ 2,324,999</u></u>	<u><u>\$ 2,347,295</u></u>



**Lucky Man First Nation**

**Statement of Cash Flow for the year ended March 31**

	<u>2016</u>	<u>2015</u> (as restated)
<b>Cash provided by (used for) the following activities</b>		
<b>Operating Activities</b>		
Annual surplus (deficit)	\$ (22,296)	\$ 6,308
Non-cash items		
Amortization	<u>2,344</u>	<u>2,480</u>
	(19,952)	8,788
Changes in non-cash working capital accounts		
Accounts receivable	5,034	61,263
Prepaid expenses	2,333	(3,590)
Accounts payable	73,556	2,999
Unexpended revenue	<u>(12,411)</u>	<u>(9,027)</u>
	<u>48,560</u>	<u>60,433</u>
<b>Investing Activities</b>		
(Increase) Decrease in funds held in trust	<u>(99,903)</u>	<u>14,898</u>
Increase (Decrease) in Cash Resources	(51,343)	75,331
Cash Resources, beginning of the year	<u>649,441</u>	<u>574,110</u>
Cash Resources, end of the year	<u>\$ 598,098</u>	<u>\$ 649,441</u>
<b>Cash Resources are represented by:</b>		
Cash and Cash Equivalents	\$ (68,645)	\$ 32,198
Restricted Cash	<u>666,743</u>	<u>617,243</u>
	<u>\$ 598,098</u>	<u>\$ 649,441</u>

## **Lucky Man First Nation**

### **Notes to the Financial Statements**

March 31, 2016

#### **1. Description of First Nation Entity**

The Lucky Man First Nation ("the First Nation") is located east of the Battlefords in the province of Saskatchewan, and provides various services to its membership. The First Nation has the smallest membership within Treaty 6.

#### **2. Changes in Accounting Policy**

Effective April 1, 2015, the First Nation adopted the recommendations relating to PS 3260 Liability for Contaminated Sites, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was not applied retroactively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in the following note on Significant Accounting Policies.

There was no effect on the First Nation's financial statements of adopting the above-noted change in the accounting policy.

#### **3. Significant Accounting Policies**

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

##### **Reporting Entity**

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

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

- Lucky Man First Nation

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.

##### **Other Economic Interests**

The First Nation does not either share in the control or the profit or loss of the following entities. As a result, the financial statement of the following entities has not been consolidated or proportionately consolidated with the financial statements of Lucky Man First Nation.

- The First Nation is a member of the Battlefords Tribal Council (BTC). The BTC is an organization of 7 Nations. The BTC is mandated to enhance the services provided to the member Nations in the areas of education, health, justice, technical services, and social development.
- The First Nation is a member of BTC Indian Child and Family Services Inc. (BTC ICFS). BTC ICFS is an organization of 3 Nations. The mandate of BTC ICFS is to ensure the protection of children.

**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**3. Significant Accounting Policies (Continued)**

**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.

**Long-lived Assets**

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

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included within operations for the year.

The First Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

**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 and prepaid expenses.

**Net Financial Assets**

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

**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, 2016.

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.

**Lucky Man First Nation**

**Notes to the Financial Statements**

**March 31, 2016**

**3. Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, balances with bank and term deposits having a maturity date of three months or less, where the funds are held for the purpose of meeting short term cash commitments.

**Tangible Capital Assets**

Tangible capital assets exceeding \$1,000 are initially recorded at cost, less accumulated amortization. Contributed tangible assets are recorded at their fair value at the date of contribution.

**Amortization**

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

Building	25 years straight line
General Equipment	10 years straight line
Roads	20 years straight line
Infrastructure	20 years straight line
Computers	4 years straight line

Projects under construction are not amortized until they are put into use.

**Restricted Cash**

Restricted cash consists of funds held in trust for the education fund.

**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 the accumulated surplus. Trust monies consist of:

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

Revenues from trust monies are recognized when measurable, earned, and collection is reasonably assured. These monies are reported on by the Government of Canada.

**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**3. Significant Accounting Policies (Continued)**

**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.

***Funding***

Revenue 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 are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

***Rental and lease income***

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the First Nation and when the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

***Other revenue***

Other revenues are earned from other services provided by the First Nation and are recognized when the services have been performed.

***Funds held in Ottawa Trust Fund and Education Trust***

Revenue is recognized when amounts can be reasonably estimated and collectability is known.

**Management Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Accounts receivable and members advance are assessed for collectability annually and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Estimates are based on the best information available at the time of preparation of financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

**Lucky Man First Nation**

**Notes to the Financial Statements**

**March 31, 2016**

**3. Significant Accounting Policies (Continued)**

**Pension Plan**

Lucky Man Cree Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount where the employee's contribution are matched by the First Nation.

**Financial Instruments**

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, funds held in trust, and accounts payable and accruals. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit, market, or currency risks arising from these financial instruments.

**Segment Reporting**

The First Nation conducts its business through 7 reportable segments: Band Support, Education, Community Infrastructure, Land Development, Ottawa Trust Funds, Health, and Other Project Revenue. 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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the significant accounting policies.

**Recent Accounting Pronouncements**

***PS 2200 Related Party Disclosures***

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board ("PSAB") issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the consolidated financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The First Nation does not expect the application of the new Standard to have a material effect on its financial statements.

**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**4. Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements (Continued)**

***PS 3210 Assets***

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

- Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.
- Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.
- The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.
- A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.
- A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.
- An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition.
- Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on its financial statements.

***PS 3320 Contingent Assets***

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- Passing legislation that has retroactive application after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.
- Elected or public sector entity officials announcing public sector entity intentions after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.
- Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.
- When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

**Notes to the Financial Statements**

March 31, 2016

**3. Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements (Continued)**

***PS 3320 Contingent Assets (Continued)***

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on its financial statements.

***PS 3430 Restructuring Transactions***

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

- A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.
- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.
- The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.
- Restructuring-related costs are recognized as expenses when incurred.
- Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.
- The consolidated financial position and results of consolidated operations prior to the restructuring date are not restated.
- Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged. The First Nation does not expect application of the new Standard to have a material effect on its financial statements.



**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**3. Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements (Continued)**

***PS 3380 Contractual Rights***

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.
- Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on its financial statements.

**4. Cash and Cash Equivalents**

	<u>2016</u>	<u>2015</u>
Cash on deposit	\$ ( 45,469)	\$ 40,123
Less cheques issued and outstanding	( 23,176)	( 7,925)
	<u>\$ ( 68,645)</u>	<u>\$ 32,198</u>

The funds are held within a major Canadian banking institution. During the year, the First Nation has authorized through the use of a Band Council Resolution to increase their overdraft facility from \$25,000 to \$50,000 on a permanent basis, where the facility is secured by a general security agreement.

**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**5. Accounts Receivable**

	<u>2016</u>	<u>2015</u> (as restated)
Members advances	\$ 29,172	\$ 20,831
First Nations Trust	-	11,718
Battlefords Tribal Council	-	2,445
Other receivable and recoverable	787	-
Less: Allowances for uncollectible amounts	( 10,000)	( 10,000)
	<u>\$ 5,645</u>	<u>\$ 24,994</u>

A prior year adjustment was made to correct a transaction in the prior year, where the accounts receivable was overstated by \$39,598. Net asset and revenue was also overstated by the same amount.

**Members advances**

The following is a breakdown of the outstanding member advances:

	<u>2016</u>	<u>2015</u>
Albert, Crystal	\$ 19,627	\$ 13,162
Bird, Leona	3,255	682
Okemow, Dagney	240	240
Okemow, Fonda	2,821	2,921
Okemow, Janet	924	924
Okemow, Karen	<u>2,305</u>	<u>2,902</u>
	<u>\$ 29,172</u>	<u>\$ 20,831</u>

For individual balances outstanding greater than \$3,000, a repayment plan was negotiated and implemented between the individual and the Chief and Council subsequent this fiscal year-end.

**6. Investments**

Lucky Man First Nation is a member of the Battlefords Tribal Council. Battlefords Tribal Council, on behalf of its member First Nations, has invested in a number of companies which include holdings in property, hotels, and gaming. Lucky Man First Nation does not have a controlling interest in these entities and there has been no information provided to Lucky Man First Nation to value the investments.

**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**7. Restricted Cash**

Funds received from the FSIN Gaming Trust Program are deposited directly into an investment account held at a major Canadian financial institution. Funds withdrawn from this investment account are for the purpose of education the members of the First Nation. Given the nature of the investment, the balance is not protected under Canadian Deposit Insurance Corporation in the event of bank failure. Management has determined that the resulting credit risk is low.

Balance, March 31, 2015	\$ 617,243
Transfer in from FSIN Gaming Trust	61,550
Investment revenue	33,677
Annual income disbursements to the operating bank account	( 39,598)
Disbursements for investment fees	( 6,129)
Balance, March 31, 2016	\$ 666,743

**8. Funds Held in Trust**

Capital and revenue trust funds are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	<u>2016</u>	<u>2015</u>
<b>Capital Trust</b>		
Balance, beginning and end of the year	\$ <u>1,400,008</u>	\$ <u>1,400,008</u>
<b>Revenue Trust</b>		
Balance, beginning of the year	294,540	309,438
Land rental revenue	64,586	83,062
Interest revenue	35,317	40,040
Disbursements made	<u>-</u>	<u>( 138,000)</u>
	<u>394,443</u>	<u>294,540</u>
	\$ <u>1,794,451</u>	\$ <u>1,694,548</u>

The Ottawa Trust 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*.

A request to withdrawn \$156,600 was approved on the First Nation's Band Council Resolution on March 14, 2016 for the purpose of Reserve Development Expenses, as well as Band Council Expenses for all portfolio areas. The funds were subsequent transferred from the Ottawa Trust Funds to the Operating Bank Account after the year end.

**Lucky Man First Nation**

**Notes to the Financial Statements**

March 31, 2016

**9. Accounts Payable**

	<u>2016</u>	<u>2015</u> (as restated)
Trade creditors and accrued liabilities	\$ 52,192	\$ 15,578
Advances from members	19,267	-
Source deductions payable	17,887	-
Employee benefits	8,994	1,380
Wage payable	<u>-</u>	<u>7,826</u>
	<u>\$ 98,340</u>	<u>\$ 24,784</u>

A prior year adjustment was made to correct a transaction in the prior year, where the accounts payable was overstated by \$750. Net asset and revenue was also understated by the same amount.

**10. Unexpended Revenue**

	<u>2016</u>	<u>2015</u>
Education (Schedule B)	\$ -	\$ 12,411

**11. Tangible Capital Assets**

	<u>2016</u>			<u>2015</u>
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building	\$ 58,600	\$ 49,120	\$ 9,480	\$ 11,824
Computer	7,917	7,917	-	-
Roads	15,995	15,995	-	-
Infrastructure	26,592	26,592	-	-
Water lines	<u>1,103</u>	<u>1,103</u>	<u>-</u>	<u>-</u>
	<u>\$ 110,207</u>	<u>\$ 100,727</u>	<u>\$ 9,480</u>	<u>\$ 11,824</u>

**12. Economic Dependence**

The First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by AANDC 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 agreements.

**Lucky Man First Nation**

**Notes to the Financial Statements**

**March 31, 2016**

**13. Budgeted Information**

The disclosed budget information has been approved by the Chief and Council of the First Nation at the budget meeting held on June 8, 2015.

**14. Aboriginal Affairs and Northern Development Canada**

The First Nation has entered into funding arrangements with AANDC. The funds are used by the First Nation to administer its operations and provide services to its members in accordance with the terms of the funding arrangements. Funding received under these contribution agreements is subjected to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

**15. Administration fee**

The First Nation has allocated an administration fee expense equal to 10% of the eligible expenditures under the Post-Secondary Education program. The administration fee revenue is recognized under Band Support.

**16. Pension Agreement**

The First Nation provides a defined contribution plan for eligible members of its staff. The First Nation matches employee's contributions. The amount to be received by employees will be the amount of retirement annuity that could be purchased based on the employee's share of the pension plan at the time of the employee's withdrawal from the plan.

**17. Subsequent Events**

A general election was held subsequent after the year-end for the position of Chief and the various Councillors positions available under the First Nation. Shortly after the results were announced, there was an unsuccessful appeal launched by the membership regarding the eligibility of the candidate who ran for the position of the Chief. The approval of the March 31, 2016 fiscal year audit was delayed until this issue was resolved.

**18. Comparative Figures**

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

**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule A - Band Support**

	<b><u>2016 Budget</u></b>	<b><u>2016 Actual</u></b>	<b><u>2015 Actual</u></b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 119,450	\$ 119,450	\$ 114,636
Administration fee (Note 15)	5,000	5,376	-
Expense recoveries	1,000	420	949
Interest	100	-	103
Recovered AANDC funding	-	-	(1,742)
	<u>125,550</u>	<u>125,246</u>	<u>113,946</u>
<b>Unexpended Revenue</b>			
Prior year	-	-	1,742
Current year	-	-	-
	<u>125,550</u>	<u>125,246</u>	<u>115,688</u>
<b>Expenses</b>			
Wages and benefits	113,496	126,474	106,209
Professional fees	20,000	25,883	18,828
Telephone	12,500	11,954	12,508
Travel	20,000	7,717	18,371
Bank charges	2,000	3,146	1,838
Office supplies	3,000	1,481	2,640
Meetings	500	111	125
Advertising	-	-	180
	<u>171,496</u>	<u>176,766</u>	<u>160,699</u>
<b>Surplus (Deficit) for the year</b>	<u>\$ (45,946)</u>	<u>\$ (51,520)</u>	<u>\$ (45,011)</u>

**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule B - Education**

	<b><u>2016 Budget</u></b>	<b><u>2016 Actual</u></b>	<b><u>2015 Actual</u></b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 46,577	\$ 46,577	\$ 46,577
Recovered AANDC funding	-	-	(16,227)
	<u>46,577</u>	<u>46,577</u>	<u>30,350</u>
<b>Unexpended Revenue</b>			
Prior year	12,411	12,411	19,696
Current year	-	-	(12,411)
	<u>58,988</u>	<u>58,988</u>	<u>37,635</u>
<b>Expenses</b>			
Student living allowances	36,000	39,903	25,392
Tuition	18,000	13,403	11,320
Administration fee (Note 15)	5,450	5,376	-
Graduation	500	450	500
Wages and benefits	-	-	1,300
	<u>59,950</u>	<u>59,132</u>	<u>38,512</u>
<b>Surplus (Deficit) for the year</b>	<u>\$ (962)</u>	<u>\$ (144)</u>	<u>\$ (877)</u>

**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule C - Community Infrastructure**

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	<u>\$ 25,943</u>	<u>\$ 25,943</u>	<u>\$ 25,943</u>
<b>Expenses</b>			
Repairs	4,500	32,175	4,965
Office Rent	16,803	20,362	18,408
Insurance	2,162	2,246	2,210
Utilities	2,000	1,984	4,185
Garbage removal	-	100	-
Storage	-	-	1,170
Small tools	478	-	407
	<u>25,943</u>	<u>56,867</u>	<u>31,345</u>
 <b>Surplus (Deficit) for the year</b>	 <u><u>\$ -</u></u>	 <u><u>\$ (30,924)</u></u>	 <u><u>\$ (5,402)</u></u>



**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule D - Land Development**

	<b><u>2016 Budget</u></b>	<b><u>2016 Actual</u></b>	<b><u>2015 Actual</u></b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$ 60,504	\$ 60,504	\$ 84,039
Expense recoveries	-	8,840	-
	<u>60,504</u>	<u>69,344</u>	<u>84,039</u>
 <b>Transfer from</b>			
Ottawa Trust Funds (Schedule E)	<u>20,000</u>	<u>20,000</u>	<u>7,281</u>
	<u>80,504</u>	<u>89,344</u>	<u>91,320</u>
 <b>Expenses</b>			
Wages and benefits	70,000	68,000	79,907
Travel	10,000	12,472	10,802
Meetings	504	-	300
Members assistance	-	-	311
	<u>80,504</u>	<u>80,472</u>	<u>91,320</u>
 <b>Surplus (Deficit) for the year</b>	<u><u>\$ -</u></u>	<u><u>\$ 8,872</u></u>	<u><u>\$ -</u></u>

**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule E - Ottawa Trust Funds**

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<b>Revenue</b>			
Land lease income	\$ 100,000	\$ 64,586	\$ 83,062
Interest income	40,000	35,317	40,040
Recovered AANDC funding	-	(15,622)	-
	<u>140,000</u>	<u>84,281</u>	<u>123,102</u>
<b>Transfer to</b>			
Land Development (Schedule D)	(20,000)	(20,000)	(7,281)
Health (Schedule F)	(30,000)	(26,600)	(48,914)
Other Project Revenue (Schedule G)	(90,000)	(110,000)	(73,805)
	<u>-</u>	<u>(72,319)</u>	<u>(6,898)</u>
<b>Expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Surplus (Deficit) for the year</b>	<u>\$ -</u>	<u>\$ (72,319)</u>	<u>\$ (6,898)</u>

**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule F - Health**

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<b>Revenue</b>			
Battleford Agency Tribal Council	\$ 2,500	\$ 18,000	\$ 2,450
Battleford Tribal Council	<u>16,000</u>	<u>31,030</u>	<u>16,750</u>
	18,500	49,030	19,200
 <b>Transfer from</b>			
Ottawa Trust Funds (Schedule E)	<u>30,000</u>	<u>26,600</u>	<u>48,914</u>
	48,500	75,630	68,114
 <b>Expenses</b>			
Cultural activities	10,000	18,839	8,647
Salaries and benefits	20,000	17,900	23,600
Member assistances	10,000	13,395	10,647
Travel	5,000	6,688	1,183
Treaty day	5,000	2,312	10,628
Elder services	2,000	1,443	1,400
Funerals and compassionate assistance	5,000	-	6,820
Wellness supplies	500	-	1,302
Sporting activities	<u>500</u>	<u>-</u>	<u>400</u>
	58,000	60,577	64,627
 <b>Surplus (Deficit) for the year</b>	<u>\$ (9,500)</u>	<u>\$ 15,053</u>	<u>\$ 3,487</u>

**Lucky Man First Nation**

**Schedule of Revenue and Expenses for the year ended March 31**

**Schedule G - Other Project Revenue**

	<b><u>2016 Budget</u></b>	<b><u>2016 Actual</u></b>	<b><u>2015 Actual</u></b>
<b>Revenue</b>			
First Nations Trust	\$ 50,000	\$ 49,831	\$ 50,414
Investment income	30,000	33,677	17,438
Earnings distribution	30,000	20,000	30,000
Outfitting fees	-	15,000	-
Expense recoveries	-	-	700
	<u>110,000</u>	<u>118,508</u>	<u>98,552</u>
<b>Transfer from</b>			
Ottawa Trust Funds (Schedule E)	90,000	110,000	73,805
	<u>200,000</u>	<u>228,508</u>	<u>172,357</u>
<b>Expenses</b>			
Professional fees	75,000	71,923	62,088
Wages and benefits	20,000	17,900	12,200
Per capita distributions	20,000	15,600	17,800
Bank charges	5,000	6,129	5,063
Travel	5,000	5,301	3,202
Supplies	-	625	-
Training	10,000	-	8,515
	<u>135,000</u>	<u>117,478</u>	<u>108,868</u>
<b>Surplus (Deficit) for the year</b>	<u><u>\$ 65,000</u></u>	<u><u>\$ 111,030</u></u>	<u><u>\$ 63,489</u></u>