

LUCKY MAN CREE NATION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

for the year ended March 31, 2017

Lucky Man Cree Nation

Index to the Program Schedules of Revenue and Expenses and Surplus (Deficit)

March 31, 2017

Page	Title
2	Index
3	Management Responsibility
4	Independent Auditor's Report
5	Statement of Financial Position
6	Statement of Operations and Accumulated Surplus
7	Statement of Changes in Net Financial Assets
8	Statement of Changes in Surplus Balances
9	Statement of Cash Flow
10	Notes to the Financial Statements
22	Schedule A – Band Support
23	Schedule B – Education
24	Schedule C – Community Infrastructure
25	Schedule D – Land Development
26	Schedule E – Ottawa Trust Funds
27	Schedule F – Health
28	Schedule G – Other Project Revenue

Management Responsibility

To the Members of Lucky Man Cree Nation:

The accompanying financial statements of Lucky Man Cree 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 Cree Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Cree Nation's external auditors.

Gabriel Ng CPA P.C. Inc. is appointed by the 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.



Crystal Albert, Band Manager of Lucky Man Cree Nation

March 21, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Lucky Man Cree Nation:

I have audited the accompanying financial statements of Lucky Man Cree Nation, which comprise the statement of financial position as at March 31, 2017, 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

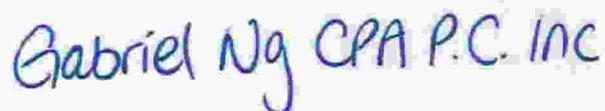
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have 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 Cree Nation as at March 31, 2017 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.

A handwritten signature in blue ink that reads "Gabriel Ng CPA P.C. Inc".

Lucky Man Cree Nation

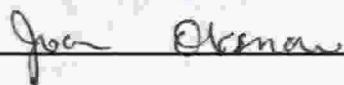
Statement of Financial Position as at March 31

	2017	2016
Financial Assets		
Current Assets		
Accounts receivable (Note 3)	\$ 51,101	\$ 19,960
Investments (Note 4)	-	-
Restricted cash (Note 5)	<u>702,369</u>	<u>666,743</u>
	<u>753,470</u>	<u>686,703</u>
Non-Current Assets		
Funds Held in Trust (Note 6)	<u>1,548,826</u>	<u>1,794,451</u>
	<u>2,302,296</u>	<u>2,481,154</u>
Financial Liabilities		
Current Liabilities		
Cash and cash equivalents (Note 7)	22,840	68,645
Accounts payable (Note 8)	22,699	98,340
Unexpended revenue (Note 9)	<u>3,694</u>	<u>-</u>
	<u>49,233</u>	<u>166,985</u>
Net Financial Assets	<u>2,253,063</u>	<u>2,314,169</u>
Non-Financial Assets		
Tangible capital assets (Note 10)	7,136	9,480
Prepaid expenses	<u>2,400</u>	<u>1,350</u>
	<u>9,536</u>	<u>10,830</u>
Accumulated Surplus	<u>\$ 2,262,599</u>	<u>\$ 2,324,999</u>
Economic Dependence (Note 11)		

Approved on behalf of Chief and Council



Chief



Councillor

Lucky Man Cree Nation

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

	2017 Budget (Note 12)	2017 Actual	2016 Actual
Revenue			
Indigenous and Northern Affairs Canada (Note 14)	\$ 270,581	\$ 270,581	\$ 252,474
Battlefords Tribal Council	16,000	14,150	31,030
Battlefords Agency Tribal Chiefs	2,500	4,048	18,000
First Nations Trust	50,000	46,606	49,831
Land lease income	20,000	15,622	64,586
Interest income and earnings distributions	105,100	107,552	103,994
Other income and recoveries	1,000	16,950	9,260
Administration fee (Note 14)	4,550	3,899	5,376
Recovered INAC funding	-	-	(15,622)
	469,731	479,408	518,929
Unexpended Revenue			
Prior year	-	-	12,411
Current year	-	(3,694)	-
	469,731	475,714	531,340
Expenses			
Band Support (Schedule A)	169,963	212,944	176,766
Education (Schedule B)	50,050	42,883	59,132
Community Infrastructure (Schedule C)	45,580	45,448	56,867
Land Development (Schedule D)	80,504	68,992	80,472
Ottawa Trust Funds (Schedule E)	-	-	-
Health (Schedule F)	48,500	37,674	60,577
Other Project Revenue (Schedule G)	130,000	127,829	117,478
	524,597	535,770	551,292
Surplus (Deficit) Before Other Items	(54,866)	(60,056)	(19,952)
Other Income (Expenses)			
Depreciation recorded	(2,400)	(2,344)	(2,344)
Change in investment equity	-	-	-
Annual Surplus (Deficit)	(57,266)	(62,400)	(22,296)
Accumulated Surplus, Beginning of the Year	2,340,987	2,324,999	2,347,295
Accumulated Surplus, End of the Year	\$ 2,283,721	\$ 2,262,599	\$ 2,324,999

Lucky Man Cree Nation

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

	<u>2017</u>	<u>2016</u>
Surplus (Deficits) for the year	\$ (60,056)	\$ (19,952)
Changes in Prepaid Expenses	<u>(1,050)</u>	<u>2,333</u>
Increase (Decrease) in Net Financial Assets	<u>(61,106)</u>	<u>(17,619)</u>
Balance of Net Financial Assets, beginning of the year	<u>2,314,169</u>	<u>2,331,788</u>
Balance of Net Financial Assets, end of the year	<u>\$ 2,253,063</u>	<u>\$ 2,314,169</u>

Lucky Man Cree Nation

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

	2017	2016
Surplus, Appropriated for Education		
Surplus, beginning of the year	\$ 666,743	\$ 617,243
Transfer from Unappropriated Surplus	<u>35,626</u>	<u>49,500</u>
Surplus, end of the year	<u>702,369</u>	<u>666,743</u>
Surplus, Appropriated for Tangible Capital Assets		
Surplus, beginning of the year	9,480	11,824
Amortization of tangible capital assets	<u>(2,344)</u>	<u>(2,344)</u>
Restricted Fund, end of the year	<u>7,136</u>	<u>9,480</u>
Surplus, Operating		
Surplus, beginning of the year	1,648,776	1,718,228
Surplus (Deficit) for the year	<u>(60,056)</u>	<u>(19,952)</u>
Transfer from Unappropriated Surplus	<u>(35,626)</u>	<u>(49,500)</u>
Surplus, end of the year	<u>1,553,094</u>	<u>1,648,776</u>
Accumulated Surplus	<u>\$ 2,262,599</u>	<u>\$ 2,324,999</u>

Lucky Man Cree Nation

Statement of Cash Flow for the year ended March 31

	<u>2017</u>	<u>2016</u>
Cash provided by (used for) the following activities		
Operating Activities		
Annual surplus (deficit)	\$ (62,400)	\$ (22,296)
Non-cash items		
Amortization	2,344	2,344
	<u>(60,056)</u>	<u>(19,952)</u>
Changes in non-cash working capital accounts		
Accounts receivable	(31,141)	5,034
Prepaid expenses	(1,050)	2,333
Accounts payable	(75,641)	73,556
Unexpended revenue	3,694	(12,411)
	<u>(164,194)</u>	<u>48,560</u>
Investing Activities		
(Increase) Decrease in funds held in trust	<u>245,625</u>	<u>(99,903)</u>
Increase (Decrease) in Cash Resources	81,431	(51,343)
Cash Resources, beginning of the year	<u>598,098</u>	<u>649,441</u>
Cash Resources, end of the year	<u>\$ 679,529</u>	<u>\$ 598,098</u>
Cash Resources are represented by:		
Cash and Cash Equivalents	\$ (22,840)	\$ (68,645)
Restricted Cash	<u>702,369</u>	<u>666,743</u>
	<u>\$ 679,529</u>	<u>\$ 598,098</u>

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

1. Description of Cree Nation Entity

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

2. 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 Cree Nation reporting entity. Trusts administered on behalf of third parties by Lucky Man Cree Nation are excluded from the Cree Nation reporting entity.

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

- Lucky Man Cree 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 Cree 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 Cree Nation.

- The Cree 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 Cree 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.

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

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

2. Significant Accounting Policies (Continued)

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 Cree 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 Cree 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.

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.

The Cree Nation holds original reserve land. The value of this land is not recognized in the Cree Nation's financial statements.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

2. Significant Accounting Policies (Continued)

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 Cree 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 Cree 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 (Net Debt)

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

Revenue Recognition

Government transfers

The Cree 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 Cree 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.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

2. Significant Accounting Policies (Continued)

Rental and lease income

Revenue is recognized when it is probable that the economic benefits associated with a transaction will flow to the Cree 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 Cree 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.

Segment Reporting

The Cree 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 Cree 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.

Use of 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 Cree Nation

Notes to the Financial Statements

March 31, 2017

2. Significant Accounting Policies (Continued)

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 Cree 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, 2017.

At each financial reporting date, the Cree 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 Cree 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.

No liability has been recorded at March 31, 2017

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 Cree Nation.

Financial Instruments

The Cree 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 Cree Nation is not exposed to significant interest, credit, market, or currency risks arising from these financial instruments.

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 Cree Nation does not expect the application of the new Standard to have a material effect on its financial statements.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

2. 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 Cree 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.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

2. 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 Cree 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 Cree Nation does not expect application of the new Standard to have a material effect on its financial statements.

PS 3450 Financial Instruments

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

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The Cree Nation has not yet determined the effect of these new standards on its consolidated financial statements.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

2. Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

PS 3380 Contractual Rights

In June 2016, 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 Cree Nation does not expect application of the new Standard to have a material effect on its financial statements.

3. Accounts Receivable

	<u>2017</u>	<u>2016</u>
Members advances	\$ 111,029	\$ 99,167
Indigenous and Northern Affairs Canada	17,619	-
Battlefords Agency Tribal Chiefs	4,048	-
Other receivable and recoverable	8,400	788
Less: Allowances for uncollectible amounts	(89,995)	(79,995)
	<hr/> \$ 51,101	<hr/> \$ 19,960
	<hr/> <hr/>	<hr/> <hr/>

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

3. Accounts Receivable (Continued)

Members advances

The following is a breakdown of the outstanding member advances:

	2017	2016
Albert, Crystal	\$ 21,884	\$ 19,627
Bird, Leona	3,005	3,255
Buffalo, Joan	350	-
Gamble, Shirley	3,230	-
Okemow, Dagney	240	240
Okemow, Fonda	2,821	2,821
Okemow, Janet	924	924
Okemow, Karen	2,905	2,305
Okemow, Monica	650	-
Okemow, Pauline	69,995	69,995
Okemow, Terrance	<u>5,025</u>	<u>-</u>
	<hr/> \$ 111,029	<hr/> \$ 99,167
	<hr/> <hr/>	<hr/> <hr/>

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.

4. Investments

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

5. Restricted Cash

Funds received from the FSIN Gaming Trust Program are deposited directly into an investment account held at a major Canadian financial institution. Fund withdrawn from this investment account are for the purpose of education the members of the Cree 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, 2016	\$ 666,743
Transfer in from FSIN Gaming Trust	46,606
Investment revenue	38,176
Annual income disbursements to the operating bank account	(43,624)
Disbursements for investment fees	<u>5,532</u>
 Balance, March 31, 2017	 \$ 702,369
	<hr/> <hr/>

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

6. Funds Held in Trust

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

	<u>2017</u>	<u>2016</u>
Capital Trust		
Balance, beginning and end of the year	\$ 1,400,008	\$ 1,400,008
Revenue Trust		
Balance, beginning of the year	394,443	294,540
Land rental revenue	15,622	64,586
Interest revenue	29,353	35,317
Disbursements made	<u>(290,600)</u>	-
	<u>148,818</u>	<u>394,443</u>
	<hr/>	<hr/>
	\$ 1,548,826	\$ 1,794,451
	<hr/>	<hr/>

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 Cree Nation's Band Council Resolution on March 14, 2017 for the purpose of Reserve Development Expenses, as well as Band Council Expenses for all portfolio areas. The funds were transferred from the Ottawa Trust Funds to the Operating Bank Account during this fiscal year. A further request to withdrawn \$134,000 was approved as well on a Band Council Resolution during this year.

7. Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
Cash on deposit	\$ (325)	\$ (45,469)
Less cheques issued and outstanding	<u>(22,515)</u>	<u>(23,176)</u>
	<hr/>	<hr/>
	\$ (22,840)	\$ (68,645)
	<hr/>	<hr/>

The funds are held within a major Canadian banking institution. An overdraft facility of \$50,000 is available on a permanent basis, where the facility is secured by a general security agreement.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

8. Accounts Payable

	<u>2017</u>	<u>2016</u>
Trade creditors and accrued liabilities	\$ 18,778	\$ 52,192
Advances from members	3,921	19,267
Source deductions payable	-	17,887
Employee benefits	<u>—</u>	<u>8,994</u>
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>98,340</u>
	<u>—</u>	<u>—</u>

9. Unexpended Revenue

	<u>2017</u>	<u>2016</u>
Education (Schedule 8)	\$ 3,694	\$ -
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

10. Tangible Capital Assets

	<u>2017</u>			<u>2016</u>	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Building	\$ 58,600	\$ 51,464	\$ 7,136	\$ 7,136	\$ 9,480
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>-</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

11. Economic Dependence

The Cree Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") due to funding agreements entered into with the Government of Canada. These funding agreements are administered by INAC under the terms and conditions of the *Indian Act*. The ability of the Cree Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

Lucky Man Cree Nation

Notes to the Financial Statements

March 31, 2017

12. Budgeted Information

The disclosed budget information has been approved by the Chief and Council of the Cree Nation at the budget meeting held on September 15, 2017.

13. Indigenous and Northern Development Canada

The Cree Nation has entered into funding arrangements with INAC. The funds are used by the Cree 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 Cree Nation fails to comply with the terms and conditions of the agreements.

14. Administration fee

The Cree 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.

15. Pension Agreement

The Cree Nation provides a defined contribution plan for eligible members of its staff. The Cree 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.

16. Comparative Figures

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

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule A - Band Support

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Revenue			
Indigenous and Northern Affairs Canada	\$ 117,920	\$ 117,920	\$ 119,450
Administration fee (Note 15)	4,550	3,899	5,376
Expense recoveries	1,000	16,950	420
Interest	100	23	-
	123,570	138,792	125,246
Expenses			
Wages and benefits	111,963	130,613	126,474
Professional fees	20,000	25,650	25,883
Telephone	12,500	14,498	11,954
Election	-	12,241	-
Bad debt	-	10,000	-
Travel	20,000	9,984	7,717
Bank charges	2,000	3,008	3,146
Office supplies	3,000	5,444	1,481
Equipment purchases	-	1,181	-
Cultural	-	300	-
Meetings	500	25	111
	169,963	212,944	176,766
Surplus (Deficit) for the year	\$ (46,393)	\$ (74,152)	\$ (51,520)

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule B - Education

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Indigenous and Northern Affairs Canada	\$ 46,577	\$ 46,577	\$ 46,577
Recovered INAC funding	-	-	-
	46,577	46,577	46,577
Unexpended Revenue			
Prior year	-	-	12,411
Current year	-	(3,694)	-
	46,577	42,883	58,988
Expenses			
Student living allowances	36,000	32,000	39,903
Tuition	9,000	6,484	13,403
Administration fee (Note 14)	4,550	3,899	5,376
Graduation	500	500	450
	50,050	42,883	59,132
Surplus (Deficit) for the year	\$ (3,473)	\$ -	\$ (144)

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule C - Community Infrastructure

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Indigenous and Northern Affairs Canada	\$ 45,580	\$ 45,580	\$ 25,943
Expenses			
Repairs	24,137	18,125	32,175
Office Rent	16,803	20,388	20,362
Insurance	2,162	2,228	2,246
Utilities	2,000	4,707	1,984
Garbage removal	-	-	100
Small tools	478	-	-
	45,580	45,448	56,867
Surplus (Deficit) for the year			
	\$ -	\$ 132	\$ (30,924)

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule D - Land Development

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Indigenous and Northern Affairs Canada	\$ 60,504	\$ 60,504	\$ 60,504
Expense recoveries	-	-	8,840
	60,504	60,504	69,344
Transfer from			
Ottawa Trust Funds (Schedule E)	20,000	10,000	20,000
	80,504	70,504	89,344
Expenses			
Wages and benefits	70,000	67,000	68,000
Travel	10,000	1,992	12,472
Meetings	504	-	-
	80,504	68,992	80,472
Surplus (Deficit) for the year	\$ -	\$ 1,512	\$ 8,872

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule E - Ottawa Trust Funds

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Land lease income	\$ 20,000	\$ 15,622	\$ 64,586
Interest income	40,000	29,353	35,317
Recovered INAC funding	-	-	(15,622)
	60,000	44,975	84,281
Transfer to			
Land Development (Schedule D)	(20,000)	(10,000)	(20,000)
Health (Schedule F)	(30,000)	(20,000)	(26,600)
Other Project Revenue (Schedule G)	(90,000)	(104,000)	(110,000)
	(80,000)	(89,025)	(72,319)
Expenses			
Surplus (Deficit) for the year	\$ (80,000)	\$ (89,025)	\$ (72,319)

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule F - Health

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Battleford Agency Tribal Council	\$ 2,500	\$ 4,048	\$ 18,000
Battleford Tribal Council	16,000	14,150	31,030
	18,500	18,198	49,030
Transfer from			
Ottawa Trust Funds (Schedule E)	30,000	20,000	26,600
	48,500	38,198	75,630
Expenses			
Cultural activities	10,000	13,650	18,839
Salaries and benefits	15,000	4,550	17,900
Member assistances	7,500	5,478	13,395
Travel	5,000	6,851	6,688
Treaty day	5,000	1,200	2,312
Elder services	2,000	750	1,443
Funerals and compassionate assistance	3,000	1,300	-
Wellness supplies	500	3,895	-
Sporting activities	500	-	-
	48,500	37,674	60,577
Surplus (Deficit) for the year	\$ -	\$ 524	\$ 15,053

Lucky Man Cree Nation

Schedule of Revenue and Expenses for the year ended March 31

Schedule G - Other Project Revenue

	2017 Budget	2017 Actual	2016 Actual
Revenue			
First Nations Trust	\$ 50,000	\$ 46,606	\$ 49,831
Investment income	30,000	38,176	33,677
Earnings distribution	20,000	12,000	20,000
Outfitting fees	15,000	28,000	15,000
	115,000	124,782	118,508
Transfer from			
Ottawa Trust Funds (Schedule E)	90,000	104,000	110,000
	205,000	228,782	228,508
Expenses			
Professional fees	75,000	75,768	71,923
Wages and benefits	18,000	18,400	17,900
Per capita distributions	17,000	17,845	15,600
Bank charges	5,000	5,532	6,129
Headdress purchases	-	4,750	-
Travel	5,000	3,934	5,301
Supplies	-	1,600	625
Training	10,000	-	-
	130,000	127,829	117,478
Surplus (Deficit) for the year	\$ 75,000	\$ 100,953	\$ 111,030