
POUNDMAKER CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

AMDC PR 9886 2015 APR 1

CAMERON ODISHAW LA COCK
CHARTERED PROFESSIONAL ACCOUNTANTS

POUNDMAKER CREE NATION

INDEX TO SCHEDULES

FOR THE YEAR ENDED MARCH 31, 2014

	<u>Pages</u>
MANAGEMENT'S REPORT	1
INDEPENDENT AUDITORS' REPORT	2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
INDEPENDENT AUDITORS' REPORT ON SCHEDULES	19
Combined Statement of Revenue and Expenditures	20
Schedules of Revenue and Expenditures	24
Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration	94

MANAGEMENT'S REPORT

AMND PM 3836 2015 APR 1

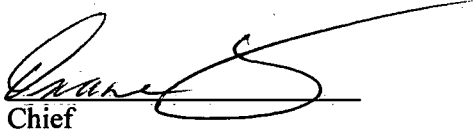
To the Council and Members of
Poundmaker Cree Nation

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 and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

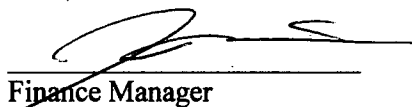
In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial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

Council is composed of elected officials. Council is responsible for overseeing management in the performance of its financial reporting responsibilities. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. Council is also responsible for recommending the appointment of the band's external auditors.

Cameron Odishaw La Cock, an independent firm of Chartered Professional Accountants, is appointed by council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both council and management to discuss their audit findings.



Chief



Finance Manager

March 9, 2015

March 13, 2015

CAMERON ODISHAW LA COCK
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Council and Members of
Poundmaker Cree Nation

We have audited the accompanying consolidated financial statements of Poundmaker Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Poundmaker Cree Nation as at March 31, 2014, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw attention to Note 11 to the financial statements which describes the uncertainty related to the compliance review conducted by AANDC of the Income Assistance Program delivered by the band. Based on their review, AANDC may recover \$882,091 in funding due to missing forms and documentation if Poundmaker Cree Nation does not provide the necessary supporting documentation. Our opinion is not qualified in respect of this matter.

Other Matters

The consolidated financial statements of Poundmaker Cree Nation for the year ended March 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements in their report dated August 7, 2013. Note 20 to the financial statements has been amended.



Chartered Professional Accountants

North Battleford, Saskatchewan
March 9, 2015

March 13, 2015

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2014

	<u>2014</u>	<u>2013</u> (Restated)
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,780,071	\$ 3,045,657
Accounts receivable (Note 3)	569,962	210,583
Inventories for resale		35,000
Trust funds held by federal government (Note 4)	<u>318,855</u>	<u>292,736</u>
Total Financial Assets	<u>2,668,888</u>	<u>3,583,976</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	1,595,390	1,586,846
Deferred revenue (Note 6)	1,794,548	2,772,958
Bank indebtedness (Note 7)	845,359	764,762
Debt (Note 8)	<u>3,051,079</u>	<u>4,046,412</u>
Total Liabilities	<u>7,286,376</u>	<u>9,170,978</u>
NET DEBT	<u>(4,617,488)</u>	<u>(5,587,002)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	26,115,360	24,124,628
Treaty land entitlement trust land	75,000	75,000
Prepaid expenses	<u>31,310</u>	<u>21,962</u>
Total Non-financial Assets	<u>26,221,670</u>	<u>24,221,590</u>
ACCUMULATED SURPLUS	<u>\$ 21,604,182</u>	<u>\$ 18,634,588</u>
Contingent liabilities (Note 11)		
Commitments (Note 12)		

APPROVED ON BEHALF OF POUNDMAKER CREE NATION



Chief



Councillor

See accompanying notes

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2014

	Budget 2014 (Note 16)	2014	2013 (Restated)
REVENUE			
Aboriginal Affairs and Northern Development Canada - operating	\$ 5,554,684	\$ 5,886,583	\$ 5,707,288
- capital		1,744,200	4,408,300
Canada Mortgage and Housing Corporation	155,099	170,280	179,020
Other federal, provincial and local	79,546	97,143	311,252
Rent - land	225,000	277,629	208,723
Rent - CMHC	199,260	144,793	179,777
First Nations Trust	515,000	618,721	622,506
Ottawa Trust	970,000	615,694	611,875
Oil and gas	200,000	12,308	215,934
Community Development Corporation	100,000	182,216	182,484
Other	253,506	448,400	299,626
Deferred revenue		960,754	(549,007)
	<u>8,252,095</u>	<u>11,158,721</u>	<u>12,377,778</u>
EXPENDITURES			
Education	2,272,916	2,529,687	2,630,375
Social services and health	2,305,631	2,480,707	2,470,429
Administration	588,198	531,442	669,985
Community infrastructure	370,721	529,765	435,469
Housing	561,019	395,032	352,547
Own source	2,035,000	1,051,130	1,589,517
Amortization		671,364	685,608
	<u>8,133,485</u>	<u>8,189,127</u>	<u>8,833,930</u>
ANNUAL SURPLUS	118,610	2,969,594	<u>3,543,848</u>
ACCUMULATED SURPLUS beginning of year	18,634,588	18,634,588	8,396,433
Prior period adjustment (Note 18)			<u>6,694,307</u>
ACCUMULATED SURPLUS as restated			<u>15,090,740</u>
ACCUMULATED SURPLUS end of year	<u>\$ 18,753,198</u>	<u>\$ 21,604,182</u>	<u>\$ 18,634,588</u>

See accompanying notes

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u> (Restated)
ANNUAL SURPLUS	\$ 2,969,594	\$ 3,543,848
Acquisition of tangible capital assets	(2,783,180)	(3,744,361)
Amortization of tangible capital assets	671,364	685,609
Proceeds on disposals of tangible capital assets	121,084	
Prepaid expenses	<u>(9,348)</u>	<u>25,189</u>
INCREASE IN NET DEBT	969,514	510,285
NET DEBT at beginning of year	<u>(5,587,002)</u>	<u>(6,097,287)</u>
NET DEBT at end of year	\$ <u>(4,617,488)</u>	\$ <u>(5,587,002)</u>

See accompanying notes

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u> (Restated)
CASH PROVIDED BY OPERATING ACTIVITIES		
Annual surplus	\$ 2,969,594	\$ 3,543,848
Items not requiring cash		
Amortization of tangible capital assets	671,364	685,609
Net change in non-cash working capital balances related to operations		
Decrease (increase) in receivables	(359,380)	256,957
Decrease in inventories	35,000	
Decrease (increase) in prepaid expenses	(9,348)	25,189
Increase in trust funds held by federal government	(26,118)	(255,974)
Increase in accounts payable	8,543	504,561
Increase (decrease) in deferred revenue	<u>(978,410)</u>	<u>430,791</u>
	<u>2,311,245</u>	<u>5,190,981</u>
CASH USED BY CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,783,180)	(3,744,361)
Proceeds on disposals of tangible capital assets	<u>121,084</u>	<u> </u>
	<u>(2,662,096)</u>	<u>(3,744,361)</u>
CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
Payment of long term debt	(995,332)	(705,775)
Issue of long term debt		700,000
Increase in bank indebtedness	<u>80,597</u>	<u>56,023</u>
	<u>(914,735)</u>	<u>50,248</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,265,586)	1,496,868
CASH AND CASH EQUIVALENTS		
at beginning of year	<u>3,045,657</u>	<u>1,548,789</u>
CASH AND CASH EQUIVALENTS		
at end of year (Note 2)	<u>\$ 1,780,071</u>	<u>\$ 3,045,657</u>

See accompanying notes

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

(b) Reporting Entity

The Poundmaker Cree Nation reporting entity includes the Poundmaker Cree Nation and all related entities that are controlled by the First Nation.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Poundmaker Cree Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Poundmaker Cree Nation.

Organizations consolidated in Poundmaker Cree Nation's financial statements include:

- Caring for Our Own/E Nak Tamasoyak Awasisak Daycare Inc.
- Poundmaker Oil Ltd.
- Poundmaker Royalty Corporation
- Poundmaker Treaty Land Entitlement Trust

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Tangible Capital Assets (continued)

Amortization is provided for on a straight line basis over their estimated useful lives as follows:

Commercial buildings	25 years
Homes	25 years
Roads	40 years
Infrastructure	50 years
Furniture and fixtures	10 years
Vehicles and machinery	10 years
Computer equipment	5 years
Land improvements	30 years

(f) Revenue and Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(g) Measurement Uncertainty

In preparing the consolidated financial statements for Poundmaker Cree Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets and the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Change in Accounting Policy

In previous fiscal years contributions received to assist in the acquisition of tangible capital assets were reported as deferred capital contributions and amortized to income at the same rate as the related asset. The First Nation has changed its accounting policy to recognize capital contributions as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled (see Note 18).

2. CASH AND CASH EQUIVALENTS

	<u>2014</u>	<u>2013</u>
(a) CMHC Replacement Reserve	\$ 65	\$ 501,252
(b) Capital Projects Funded by AANDC	<u>1,752,444</u>	<u>2,523,362</u>
Restricted cash	1,752,509	3,024,614
Unrestricted cash	<u>27,562</u>	<u>21,043</u>
Total cash and cash equivalents	<u>\$ 1,780,071</u>	<u>\$ 3,045,657</u>

(a) CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Poundmaker Cree Nation must set aside funds annually for the repair, maintenance and replacement of assets.

(b) Capital Projects Funded by AANDC

Poundmaker Cree Nation receives funding for various major capital projects. The use of these funds is restricted to these projects.

3. ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Due from members		
Loans and advances	\$ 560,544	\$ 644,784
Less allowance for doubtful accounts	<u>(533,171)</u>	<u>(572,767)</u>
	27,373	72,017
Due from others		
Aboriginal Affairs and Northern Development Canada	152,202	61,520
Canada Mortgage and Housing Corporation	11,804	12,310
Ottawa Trust	190,000	
Other	<u>188,583</u>	<u>64,736</u>
Balance at end of year	<u>\$ 569,962</u>	<u>\$ 210,583</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	<u>2014</u>	<u>2013</u>
Capital fund		
Balance at beginning of year	\$ 282,914	\$ 32,121
Additions	505,928	
Net additions		250,793
Withdrawals	<u>(477,889)</u>	<u> </u>
Balance at end of year	<u>310,953</u>	<u>282,914</u>
Revenue fund		
Balance at beginning of year	9,822	4,641
Additions	100,180	
Net additions		5,181
Withdrawals	<u>(102,100)</u>	<u> </u>
Balance at end of year	<u>7,902</u>	<u>9,822</u>
Total trust funds	<u>\$ 318,855</u>	<u>\$ 292,736</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2014</u>	<u>2013</u>
AANDC - Ottawa Trust - gravel sales	\$ 89,704	\$ 45,000
AANDC		51,878
Accounts trade	847,459	1,039,642
Accrued interest	15,736	20,707
Accrued wages	50,885	48,751
Contractor holdbacks	583,220	370,973
Employee benefits	<u>8,386</u>	<u>9,895</u>
Other		
	<u>\$ 1,595,390</u>	<u>\$ 1,586,846</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

6. DEFERRED REVENUE

	<u>2014</u>	<u>2013</u>
AANDC - capital projects	\$ 1,375,967	\$ 2,370,829
Other	34,107	
Land leases	<u>384,474</u>	<u>402,129</u>
	<u>\$ 1,794,548</u>	<u>\$ 2,772,958</u>

Deferred land leases include prepaid lease revenue that will be recognized as revenue in the next four years as follows:

2015	\$ 226,562	2017	\$ 42,264
2016	73,384	2018	42,264

7. BANK INDEBTEDNESS

Poundmaker Cree Nation's authorized lines of credit with various financial institutions total \$575,000. Interest on the authorized lines of credit range from 4.05% to 5%. Unauthorized interest rates are at 21%. The lines of credit are secured by an assignment of funding. The security agreements relating to lines of credit and bank loans are reviewed annually.

	<u>2014</u>	<u>2013</u>
Bank indebtedness	\$ <u>845,359</u>	\$ <u>764,762</u>

8. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
(a) Innovation Credit Union - Gaming	\$ 755,830	\$ 990,136
(b) Innovation Credit Union - CMHC Replacement Reserve		406,292
(c) Innovation Credit Union - Police Housing	12,912	21,503
(d) Innovation Credit Union - Other	48,900	48,900
(e) Turtleford Credit Union - Consolidation	177,308	200,000
(f) Turtleford Credit Union - Royalties		130,033
(g) Turtleford Credit Union - Vac Truck		64,292
(h) CMHC mortgage #1	216,807	231,848
(i) CMHC mortgage #2	401,594	428,014
(j) CMHC mortgage #3	195,998	207,205
(k) CMHC mortgage #4	220,666	231,366
(l) CMHC mortgage #5	911,234	961,806
(m) Peace Hills Trust mortgage	<u>109,830</u>	<u>125,017</u>
	<u>\$ 3,051,079</u>	<u>\$ 4,046,412</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

8. LONG TERM DEBT (continued)

Innovation Credit Union

(a) Innovation Credit Union - Gaming

The loan is payable in quarterly installments of \$91,500 including interest at 6%, secured by an assignment of gaming funding.

(b) Innovation Credit Union - CMHC Replacement Reserve

The loan was repaid during the year.

(c) Innovation Credit Union - Police Housing

The loan is due on demand, however arrangements have been made to repay the loan in monthly installments of \$850 including interest at 9%, secured by assignment of rental revenues from the police housing office and promissory notes.

(d) Innovation Credit Union - Other

The loan was due on December 15, 2010.

Turtleford Credit Union

(e) Turtleford Credit Union - Consolidation

The loan is repayable in quarterly installments of \$30,000 including interest at 8.75%, secured by a promissory note plus a General Security Agreement.

(f) Turtleford Credit Union - Royalties

The loan was repaid during the year.

(g) Turtleford Credit Union - Vac Truck

The loan was repaid during the year.

Mortgages - CMHC Section 95

(h) CMHC Mortgage #1

Mortgage #1 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$1,748 including interest at 2.65% and is guaranteed by Aboriginal Affairs and Northern Development Canada (AANDC); due April 2026.

(i) CMHC Mortgage #2

Mortgage #2 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$2,792 including interest at 1.71% and is guaranteed by AANDC; due August 2027.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

8. LONG TERM DEBT (continued)

(j) CMHC Mortgage #3

Mortgage #3 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$1,247 including interest at 1.92% and is guaranteed by AANDC; due April 2029.

(k) CMHC Mortgage #4

Mortgage #4 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$1,410 including interest at 2.76% and is guaranteed by AANDC; due May 2030.

(l) CMHC Mortgage #5

Mortgage #5 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$6,210, including interest at 2.35% and is guaranteed by AANDC; due August 2028.

Mortgages - CMHC Section 10

(m) Peace Hills Trust Mortgage

The mortgage is repayable in monthly installments of \$1,748, including interest at 2.65% from CMHC Section 10 rental revenues, secured by an assignment of subsequent years' funding from rental revenues and a Ministerial Loan Guarantee against the First Nation's band based capital funds received yearly from Aboriginal Affairs and Northern Development Canada.

(n) The total principal repayment due on long term debt in each of the next five years is as follows:

2015	\$ 600,509	2018	\$ 122,036
2016	531,523	2019	123,793
2017	194,994		

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

9. TANGIBLE CAPITAL ASSETS

	Land and land improvements	Buildings	Vehicles and equipment	Computer equipment	CMHC housing	Infrastructure roads	Infrastructure other	Assets under construction	2014	2013
Cost										
Opening	\$ 6,779,785	\$ 12,946,444	\$ 790,214	\$ 94,703	\$ 4,499,233	\$ 1,192,673	\$ 2,965,886	\$ 6,979,096	\$ 36,248,034	\$ 32,503,673
Additions			33,674					2,749,506	2,783,180	3,744,361
Disposals/transfers			(142,451)						(142,451)	
Ending	<u>6,779,785</u>	<u>12,946,444</u>	<u>681,437</u>	<u>94,703</u>	<u>4,499,233</u>	<u>1,192,673</u>	<u>2,965,886</u>	<u>9,728,602</u>	<u>38,888,763</u>	<u>36,248,034</u>
Accumulated Amortization										
Opening	71,189	8,709,904	462,567	66,293	1,422,275	884,556	506,622		12,123,406	11,437,797
Disposals			(21,367)						(21,367)	
Expense	<u>15,657</u>	<u>348,959</u>	<u>38,290</u>	<u>18,941</u>	<u>179,969</u>	<u>29,834</u>	<u>39,714</u>		<u>671,364</u>	<u>685,609</u>
Ending	<u>86,846</u>	<u>9,058,863</u>	<u>479,490</u>	<u>85,234</u>	<u>1,602,244</u>	<u>914,390</u>	<u>546,336</u>		<u>12,773,403</u>	<u>12,123,406</u>
Net Book Value	<u>\$ 6,692,939</u>	<u>\$ 3,887,581</u>	<u>\$ 201,947</u>	<u>\$ 9,469</u>	<u>\$ 2,896,989</u>	<u>\$ 278,283</u>	<u>\$ 2,419,550</u>	<u>\$ 9,728,602</u>	<u>\$ 26,115,360</u>	<u>\$ 24,124,628</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

10.EMPLOYEE BENEFIT OBLIGATIONS

(a) Vacation and Overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

(b) Pension Plan

Poundmaker Cree Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. Poundmaker Cree Nation contributes 5% which is directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Poundmaker Cree Nation contributed \$61,237 (2013 - \$48,469) during the year for retirement benefits. Poundmaker Cree Nation does not have any other obligations with regards to the pension plan as at March 31, 2014.

11.CONTINGENT LIABILITIES

As of November 28, 2014 the following claims are outstanding:

A claim was made against Poundmaker Cree Nation for damages in a non-specified amount. Damages are being claimed for: wrongful dismissal, loss of benefits, severance, wages, income, vacation pay, loss of contribution to pension plan and damages for mental distress. Poundmaker Cree Nation will be filing a Statement of Defence of this claim, stating that the dismissal was not wrongful.

At this time, the results of this litigation are not determinable.

AANDC conducted a compliance review of the Income Assistance Program delivered by the band. Based on their review, AANDC may recover \$882,091 in funding due to missing forms and documentation if Poundmaker Cree Nation does not provide the necessary supporting documentation.

At this time, the outcome of this matter is not determinable.

12.COMMITMENTS

Poundmaker Cree Nation constructed a water reservoir and an incomplete building on its Battleford land. Funds were taken from the capital project manager's account and were to be reimbursed by the First Nation. Because the capital project manager's accounts are consolidated with the First Nation's accounts, this funding shortfall does not show as a liability in the consolidated financial statements. However, in order to complete other capital projects managed by the capital project manager, the First Nation will have to transfer \$218,440 to the capital project manager's account.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

13.COMPARATIVE FIGURES

Certain comparative figures may have been reclassified to conform with the current period's financial statement presentation. Also see Note 18 for restatement of prior year.

14.EXPENSES BY OBJECT

	<u>2014</u>	<u>2013</u>
Salaries and wages	\$ 1,968,427	\$ 2,201,690
Employee benefits	171,039	188,677
Professional fees	338,861	341,908
Social assistance	1,956,251	1,897,656
Band member assistance	1,235,151	1,185,473
Contracts	756,758	799,600
Interest and bank charges	169,813	349,099
Meetings and travel	184,711	272,068
Professional development	249,878	161,838
Amortization	671,364	685,608
Operating	<u>486,874</u>	<u>750,313</u>
Total expenses	<u>\$ 8,189,127</u>	<u>\$ 8,833,930</u>

15.GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>2014 Capital</u>	<u>Total</u>	<u>Operating</u>	<u>2013 Capital</u>	<u>Total</u>
Federal transfers:						
Aboriginal Affairs	\$ 5,886,583	\$ 1,744,200	\$ 7,630,783	\$ 5,707,288	\$ 4,408,300	\$ 10,115,588
CMHC	170,280		170,280	179,020		179,020
Health Canada/BATC	85,482		85,482	134,780		134,780
RCMP Housing	<u>21,500</u>		<u>21,500</u>	<u>21,500</u>		<u>21,500</u>
Total federal	6,163,845	1,744,200	7,908,045	6,042,588	4,408,300	10,450,888
Provincial transfers:						
	<u>40,643</u>		<u>40,643</u>	<u>34,200</u>		<u>34,200</u>
Total transfers	<u>\$ 6,204,488</u>	<u>\$ 1,744,200</u>	<u>\$ 7,948,688</u>	<u>\$ 6,076,788</u>	<u>\$ 4,408,300</u>	<u>\$ 10,485,088</u>

16.BUDGET FIGURES

Budget figures are reported for information purposes only and are not included in the scope of the external audit. The figures are based on the revised November 30, 2012 Management Action Plan.

17.RELATED PARTY TRANSACTIONS

During the year, contractor payments were made to businesses owned/operated by chief and council amounting to \$278,232.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

18.RESTATEMENT OF PRIOR YEAR

The prior years consolidated financial statements have been restated to adjust for a change in accounting treatment with respect to deferred capital contributions. External capital funding that had been restricted and recognized as revenue at the same rate tangible capital assets were amortized, has been adjusted to the opening accumulated surplus of the prior year in the amount of \$6,694,307. Capital expenses decreased \$3,744,362 and revenue recognized from deferred capital funding decreased \$117,181. The net effect on the 2013 surplus is an increase of \$3,627,181.

19.UNDERFUNDED RESERVES

The agreement with CMHC requires that amounts equal to the Replacement and Operating Reserves be deposited into separate bank accounts and that funds from these accounts are to only be withdrawn in accordance with the terms of the agreement. To date, the reserves are underfunded by \$598,811.

20.SEGMENTED INFORMATION

Poundmaker Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by funds. Poundmaker Cree Nation has seven reportable segments as follows:

- Education - includes operations of educational programming; sub-segments are also presented.
- Social and health - activities include delivering social programs.
- Administration - includes band administration and governance activities.
- Infrastructure - activities for the maintenance of the First Nation's infrastructure.
- Housing - activities for the maintenance of non CMHC housing of the First Nation.
- Major capital - activities relating to capital funding and related projects.
- Owner source - includes SIGA revenues and related band expenditures.

For each segment reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies described in the Significant Accounting Policies stated in Note 1. The segment results for the year are as follows:

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

20. SEGMENTED INFORMATION (continued)

	2014 EDUCATION	2013	2014 SOCIAL AND HEALTH	2013	2014 ADMINISTRATION	2013	2014 INFRASTRUCTURE	2013
REVENUE								
AANDC	\$ 2,412,815	\$ 2,392,386	\$ 2,266,632	\$ 2,172,918	\$ 466,327	\$ 462,829	\$ 443,839	\$ 394,521
Other	<u>63,522</u>	<u>54,915</u>	<u>160,067</u>	<u>208,191</u>	<u>79,597</u>	<u>155,398</u>	<u>45,791</u>	<u>23,731</u>
	<u>2,476,337</u>	<u>2,447,301</u>	<u>2,426,699</u>	<u>2,381,109</u>	<u>545,924</u>	<u>618,227</u>	<u>489,630</u>	<u>418,252</u>
EXPENSES								
Amortization	48,000	48,000			53,100	53,100	183,204	183,204
Salaries and benefits	1,440,655	1,584,814	218,524	114,790	114,592	204,602	11,865	1,707
Other expenses	<u>1,089,032</u>	<u>1,045,561</u>	<u>2,262,183</u>	<u>2,355,639</u>	<u>416,850</u>	<u>465,383</u>	<u>517,900</u>	<u>433,762</u>
	<u>2,577,687</u>	<u>2,678,375</u>	<u>2,480,707</u>	<u>2,470,429</u>	<u>584,542</u>	<u>723,085</u>	<u>712,969</u>	<u>618,673</u>
DEFICIT	\$ <u>(101,350)</u>	\$ <u>(231,074)</u>	\$ <u>(54,008)</u>	\$ <u>(89,320)</u>	\$ <u>(38,618)</u>	\$ <u>(104,858)</u>	\$ <u>(223,339)</u>	\$ <u>(200,421)</u>

	HOUSING		MAJOR CAPITAL		OWN SOURCE		CONSOLIDATED TOTALS	
REVENUE								
AANDC	\$ 296,970	\$ 284,634	\$ 1,744,200	\$ 4,408,300			\$ 7,630,783	\$ 10,115,588
Other	<u>378,376</u>	<u>400,145</u>	<u>1,005,305</u>	<u>(663,939)</u>	<u>\$ 1,795,280</u>	<u>\$ 2,083,749</u>	<u>3,527,938</u>	<u>2,262,190</u>
	<u>675,346</u>	<u>684,779</u>	<u>2,749,505</u>	<u>3,744,361</u>	<u>1,795,280</u>	<u>2,083,749</u>	<u>11,158,721</u>	<u>12,377,778</u>
EXPENSES								
Amortization	387,060	387,060				14,244	671,364	685,608
Salaries and benefits	23,760	53,216			159,031	242,561	1,968,427	2,201,690
Other expenses	<u>371,272</u>	<u>299,331</u>			<u>892,099</u>	<u>1,346,956</u>	<u>5,549,336</u>	<u>5,946,632</u>
	<u>782,092</u>	<u>739,607</u>	<u>NIL</u>	<u>NIL</u>	<u>1,051,130</u>	<u>1,603,761</u>	<u>8,189,127</u>	<u>8,833,930</u>
	\$ <u>(106,746)</u>	\$ <u>(54,828)</u>	\$ <u>2,749,505</u>	\$ <u>3,744,361</u>	\$ <u>744,150</u>	\$ <u>479,988</u>	\$ <u>2,969,594</u>	\$ <u>3,543,848</u>

INDEPENDENT AUDITORS' REPORT ON SCHEDULES

To Council and Members of
Poundmaker Cree Nation

The combined statement of revenue and expenditures and schedules of revenue and expenditures by segment are presented in the following section. The statements and schedules have been compiled by the management of the Poundmaker Cree Nation from their records.

For the purposes of understanding our involvement with these statements and schedules, we inform you that:

- We have audited and separately reported on the consolidated financial statements.
- The audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole.
- The attached statements and schedules are presented for the purpose of forming an opinion by the membership and Aboriginal Affairs and Northern Development Canada and do not form part of the consolidated financial statements.
- The schedules and statements have been subjected to the auditing procedures applied to the audit of the consolidated financial statements taken as a whole.

During the course of the aforementioned audit, we encountered no discrepancies on these statements and schedules. However, no procedures have been carried out on these statements and schedules in addition to those necessary to form an opinion on the consolidated financial statements.

This report has been prepared in accordance with the applicable Assurance and Related Services Guideline in order to satisfy Aboriginal Affairs and Northern Development Canada funding agreement requirements.



Chartered Professional Accountants

North Battleford, Saskatchewan
March 9, 2015

POUNDMAKER CREE NATION

COMBINED STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2014 (Unaudited)

FUND ACTIVITY	AANDC Contribution	Other Revenue	Total Revenue	Total Expenditures	Current Surplus (Deficit)	Prior Surplus (Deficit)	Transfer From (to)	Cumulative Surplus (Deficit)
Education								
Instructional services	\$ 916,510	\$ 3,275	\$ 919,785	\$ 986,744	\$ (66,959)	\$ (149,377)		\$ (216,336)
Enhanced teacher salaries	32,922		32,922	32,922	NIL			
Special education low cost	79,522		79,522	79,522	NIL			
Special education high cost	215,525		215,525	215,525	NIL			
Employee benefits	78,033		78,033	74,849	3,184			3,184
Comprehensive support	118,708	10,055	128,763	128,763	NIL			
Operation and maintenance	207,006		207,006	207,006	NIL			
Student transportation	217,512		217,512	215,735	1,777	(6,525)		(4,748)
NNEC		50,192	50,192	50,192	NIL			
Post secondary	500,017		500,017	488,307	11,710	40,267		51,977
Summer students	14,090		14,090	14,090	NIL			
Skills link	32,970		32,970	36,032	(3,062)	6,001		2,939
	<u>2,412,815</u>	<u>63,522</u>	<u>2,476,337</u>	<u>2,529,687</u>	<u>(53,350)</u>	<u>(109,634)</u>		<u>(162,984)</u>
Social and Health								
Social - administration	47,472		47,472	59,976	(12,504)	(62,790)	\$ 12,504	(62,790)
Social - basic needs	1,730,383		1,730,383	1,762,348	(31,965)	(68,814)		(100,779)
Social - special needs	178,051		178,051	191,402	(13,351)	(189,630)		(202,981)
Social - ECIP	2,500		2,500	2,500	NIL			
Health - main program	35,931	30,282	66,213	58,309	7,904	4,600	(12,504)	NIL
Health - patient transportation		35,000	35,000	35,000	NIL			
Daycare		94,785	94,785	98,877	(4,092)	(25,284)		(29,376)
NCB - administration	40,844		40,844	40,844	NIL			
NCB - hot lunch	79,905		79,905	79,905	NIL			
NCB - cultural	12,000		12,000	12,000	NIL			
NCB - HTW	139,546		139,546	139,546	NIL			
	<u>2,266,632</u>	<u>160,067</u>	<u>2,426,699</u>	<u>2,480,707</u>	<u>(54,008)</u>	<u>(341,918)</u>	<u>NIL</u>	<u>(395,926)</u>

POUNDMAKER CREE NATION

COMBINED STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2014 (Unaudited)

FUND ACTIVITY	<u>AANDC Contributions</u>	<u>Other Revenue</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Current Surplus (Deficit)</u>	<u>Prior Surplus (Deficit)</u>	<u>Transfer From (to)</u>	<u>Cumulative Surplus (Deficit)</u>
Administration								
Band support	389,950	57,202	447,152	440,267	6,885	(92,701)		(85,816)
Membership/registry	12,007	1,395	13,402	13,402	NIL			
Band employee benefits	35,870		35,870	35,870	NIL			
Professional development	28,500		28,500	28,500	NIL			
RCMP - policing mgt		<u>21,000</u>	<u>21,000</u>	<u>13,403</u>	<u>7,597</u>	<u>15,539</u>		<u>23,136</u>
	<u>466,327</u>	<u>79,597</u>	<u>545,924</u>	<u>531,442</u>	<u>14,482</u>	<u>(77,162)</u>		<u>(62,680)</u>
Infrastructure								
Public works	27,752	14,463	42,215	59,660	(17,445)	(339,438)		(356,883)
Fire protection	14,339		14,339	14,339	NIL			
Roads and bridges	119,539		119,539	104,637	14,902	24,041		38,943
Waste water systems	42,180		42,180	28,849	13,331	16,073		29,404
Water systems	66,358		66,358	58,088	8,270	25,461		33,731
Electrical services	3,360		3,360	2,820	540			540
Solid waste								
- garbage hauling	24,750	11,685	36,435	36,435	NIL	(8,940)		(8,940)
Water treatment	42,075		42,075	63,137	(21,062)	(42,670)		(63,732)
Other protection	5,766		5,766	5,766	NIL			
PDAP		19,643	19,643	21,467	(1,824)			(1,824)
CEOP - gravel	75,320		75,320	103,112	(27,792)		27,792	NIL
CEOP - infrastructure	<u>22,400</u>		<u>22,400</u>	<u>31,455</u>	<u>(9,055)</u>		<u>9,055</u>	<u>NIL</u>
	<u>443,839</u>	<u>45,791</u>	<u>489,630</u>	<u>529,765</u>	<u>(40,135)</u>	<u>(325,473)</u>	<u>36,847</u>	<u>(328,761)</u>

POUNDMAKER CREE NATION

COMBINED STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2014 (Unaudited)

FUND ACTIVITY	<u>AANDC Contributions</u>	<u>Other Revenue</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Current Surplus (Deficit)</u>	<u>Prior Surplus (Deficit)</u>	<u>Transfer From (to)</u>	<u>Cumulative Surplus (Deficit)</u>
Housing								
BBC - administration				30,000	(30,000)		30,000	NIL
BBC - repairs	296,970		296,970	167,136	129,834	(734,561)	255,730	(348,997)
CMHC - sec. 95 new houses						(396,126)		(396,126)
CMHC - sec. 10 rentals		28,980	28,980	13,557	15,423	6,032		21,455
CMHC - sec. 95 rentals		315,073	315,073	161,100	153,973		(153,973)	NIL
CMHC - renovations (RRAP)		12,823	12,823	14,900	(2,077)			(2,077)
RCMP - police housing		21,500	21,500	8,339	13,161	(4,570)		8,591
	<u>296,970</u>	<u>378,376</u>	<u>675,346</u>	<u>395,032</u>	<u>280,314</u>	<u>(1,129,225)</u>	<u>131,757</u>	<u>(717,154)</u>
Major Capital								
Water treatment plant	364,200	1,692,597	2,056,797		2,056,797		(2,056,797)	NIL
Chief Poundmaker School	530,000	(267,425)	262,575		262,575		(262,575)	NIL
Flood	850,000	(419,867)	430,133		430,133		(430,133)	NIL
	<u>1,744,200</u>	<u>1,005,305</u>	<u>2,749,505</u>		<u>2,749,505</u>		<u>(2,749,505)</u>	<u>NIL</u>
Total External Funded	<u>7,630,783</u>	<u>1,732,658</u>	<u>9,363,441</u>	<u>6,466,633</u>	<u>2,896,808</u>	<u>(1,983,412)</u>	<u>(2,580,901)</u>	<u>(1,667,505)</u>

POUNDMAKER CREE NATION

COMBINED STATEMENT OF REVENUE AND EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2014 (Unaudited)

FUND ACTIVITY	<u>AANDC Contributions</u>	<u>Other Revenue</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Current Surplus (Deficit)</u>	<u>Prior Surplus (Deficit)</u>	<u>Transfer From (to)</u>	<u>Cumulative Surplus (Deficit)</u>
Own Source								
CDC		148,109	148,109	148,109	NIL			
First Nations revenue		81,100	81,100	62,715	18,385	(554,532)	377,944	(158,203)
Gaming/economic dev't		618,721	618,721	231,690	387,031		(387,031)	NIL
Lands management		279,869	279,869	308,801	(28,932)	(966,513)	40,785	(954,660)
Ottawa Trust		615,694	615,694	267,000	348,694	292,736	(322,576)	318,854
Poundmaker Oil Ltd.		(33,084)	(33,084)	399	(33,483)	(275,827)		(309,310)
Poundmaker Royalty Corporation		45,392	45,392	32,579	12,813	(197,055)		(184,242)
Treaty land entitlement		<u>39,479</u>	<u>39,479</u>	<u>(163)</u>	<u>39,642</u>	<u>(22,898)</u>	<u>(39,990)</u>	<u>(23,246)</u>
Total Own Source		<u>1,795,280</u>	<u>1,795,280</u>	<u>1,051,130</u>	<u>744,150</u>	<u>(1,724,089)</u>	<u>(330,868)</u>	<u>(1,310,807)</u>
Total before amortization	7,630,783	3,527,938	11,158,721	7,517,763	3,640,958	(3,707,501)	(2,911,769)	(2,978,312)
Amortization				671,364	(671,364)		113,938	(557,426)
Capital and CMHC funds						22,342,089	2,797,831	25,139,920
Total	<u>\$ 7,630,783</u>	<u>\$ 3,527,938</u>	<u>\$ 11,158,721</u>	<u>\$ 8,189,127</u>	<u>\$ 2,969,594</u>	<u>\$ 18,634,588</u>	<u>\$ NIL</u>	<u>\$ 21,604,182</u>