

**Poundmaker Cree Nation
Consolidated Financial Statements**
March 31, 2017

Poundmaker Cree Nation Contents

For the year ended March 31, 2017

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To the 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. 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.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for appointing the Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the consolidated financial statements and report directly to the Members of Poundmaker Cree Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

July 26, 2017

Signed By: Kristina Antoine

Management

Independent Auditors' Report

To the 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, 2017, and the consolidated 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 Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Poundmaker 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 11 to the consolidated financial statements which describes that Poundmaker Cree Nation entered into a Treaty Annuities Claim against the Government of Canada for damages sustained by the Nation. The Nation has obtained a loan to fund costs of negotiations and has taken insurance to cover the repayment of the loan if it is in excess of settlement proceeds.

Saskatoon, Saskatchewan

July 26, 2017

MNP LLP

Chartered Professional Accountants

Poundmaker Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Current		
Cash	-	893,715
Restricted cash (Note 3)	1,240,594	185,219
Accounts receivable (Note 4)	113,449	260,600
	1,354,043	1,339,534
Investment in Nation business entities (Note 5)	100	-
Funds held in Ottawa Trust Fund (Note 6)	123,874	44,093
Restricted cash (Note 3)	309,080	433,341
	1,787,097	1,816,968
Liabilities		
Current		
Bank indebtedness (Note 7)	371,051	-
Accounts payable and accruals	860,912	567,299
Deferred revenue (Note 8)	2,245,586	1,939,545
Current portion of long-term debt (Note 9)	587,947	564,036
	4,065,496	3,070,880
Long-term debt (Note 9)	3,398,600	3,554,322
	7,464,096	6,625,202
Net debt	(5,676,999)	(4,808,234)
Contingent asset (Note 11)		
Non-financial assets		
Tangible capital assets (Note 10)	26,777,455	26,545,536
Prepaid expenses	32,851	27,101
	26,810,306	26,572,637
Accumulated surplus (Note 12)	21,133,307	21,764,403

Approved on behalf of Chief and Council

Signed By: Duane Antoine

Chief

Signed By: Isobelle Weenie

Councillor

Signed By: Brandon Favel

Councillor

Poundmaker Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2017

	2017 Budget (Note 14)	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada (Note 17)	5,554,684	7,101,227	6,654,819
First Nations Trust	515,000	542,385	588,593
Lease	225,000	325,847	275,765
Gravel sales	-	282,535	118,100
Ottawa Trust Funds	970,000	227,482	186,115
Rental	199,260	178,198	243,968
Canada Mortgage and Housing Corporation	155,099	174,537	140,584
Miscellaneous	49,626	107,465	136,795
Battlefords Agency Tribal Chiefs - CDC	100,000	97,000	165,600
Grants and proposal funding	-	74,329	-
Royalties	200,000	41,234	32,811
Government of Canada	21,500	23,292	39,080
Province of Saskatchewan	-	15,265	62,341
Battle River Treaty 6 Health Centre Inc.	30,282	13,543	32,250
Land use agreement	-	-	585,839
Canada Mortgage and Housing Corporation - RRAP	-	-	41,239
Battlefords Tribal Council	-	-	6,200
	8,020,451	9,204,339	9,310,099
Program expenses			
Administration	430,869	955,656	1,101,480
Education	2,348,401	2,886,765	2,629,088
Social Development	2,177,631	2,294,621	2,348,779
Housing	526,329	1,207,886	1,049,251
Operations and Maintenance	370,721	901,988	889,500
Capital	-	159,170	89,869
Own Source	745,000	1,110,343	1,545,850
Other	591,500	359,006	474,118
Total expenses	7,190,451	9,875,435	10,127,935
Surplus (deficit) before other item	830,000	(671,096)	(817,836)
Other item			
Gain on disposal of tangible capital assets	-	40,000	18,163
Surplus (deficit)	830,000	(631,096)	(799,673)
Accumulated surplus, beginning of year	21,764,403	21,764,403	22,564,076
Accumulated surplus, end of year	22,594,403	21,133,307	21,764,403

Poundmaker Cree Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2017

	2017 Budget (Note 14)	2017 Actual	2016 Actual
Surplus (deficit)	830,000	(631,096)	(799,673)
Purchases of tangible capital assets	(400,000)	(1,198,021)	(723,582)
Amortization of tangible capital assets of tangible capital assets	194,703	966,102	970,275
Gain on disposal of tangible capital assets	-	(40,000)	(18,163)
Proceeds on disposal of tangible capital assets	-	40,000	18,163
	(205,297)	(231,919)	246,693
Acquisition of prepaid expenses	-	(5,750)	(12,753)
Change in net debt	624,703	(868,765)	(565,733)
Net debt, beginning of year	(4,808,234)	(4,808,234)	(4,242,501)
Net debt, end of year	(4,183,531)	(5,676,999)	(4,808,234)

Poundmaker Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Deficit	(631,096)	(799,673)
Non-cash items		
Amortization of tangible capital assets	966,102	970,275
Gain on disposal of tangible capital assets	(40,000)	(18,163)
	295,006	152,439
Changes in working capital accounts		
Accounts receivable	147,151	412,853
Prepaid expenses	(5,750)	(12,753)
Accounts payable and accruals	293,613	(436,201)
Deferred revenue	306,041	1,127,913
	1,036,061	1,244,251
Financing activities		
Advances of long-term debt	442,136	2,700,000
Repayment of long-term debt	(573,947)	(1,255,698)
	(131,811)	1,444,302
Capital activities		
Purchases of tangible capital assets	(1,198,021)	(723,582)
Decrease (increase) in funds held in Ottawa Trust Fund	(79,781)	35,399
Proceeds on disposal of tangible capital assets	40,000	18,163
	(1,237,802)	(670,020)
Investing activities		
Investment in Nation business entities	(100)	-
Increase in restricted cash	(931,114)	(291,629)
	(931,214)	(291,629)
Increase (decrease) in cash resources	(1,264,766)	1,726,904
Cash resources (deficiency), beginning of year	893,715	(833,189)
Cash resources (deficiency), end of year	(371,051)	893,715
Supplementary cash flow information		
Interest paid	180,685	223,415

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

1. Operations

The Poundmaker Cree Nation (the "Nation") is located in Treaty 6 Territory, and provides various services to its Members. Poundmaker Cree Nation includes all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the Nation's reporting entity.

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

- Poundmaker Cree Nation
- Poundmaker Cree Nation CMHC Housing
- Poundmaker Oil Ltd.
- Poundmaker Royalty Corporation
- Poundmaker Treaty Land Entitlement Trust
- West Arrow Development Corp.

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.

Business entities, owned or controlled by the Nation but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Poundmaker Economic Development Holdings Limited Partnership

Basis of presentation

Sources of revenues 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 balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash consists of CMHC Replacement Reserve and capital project bank accounts.

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Nation Members by the Government of Canada consist of:

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

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

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Land purchased is recorded at the purchase price.

Amortization

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

	Method	Rate
Land improvements	straight-line	30 years
Buildings	straight-line	25 years
CMHC housing	straight-line	25 years
Vehicles and equipment	straight-line	10 years
Computer equipment	straight-line	5 years
Roads	straight-line	40 years
Infrastructure	straight-line	40 years

Assets under construction are not amortized until they are put into use. Land is not amortized.

The Nation holds original reserve land and mineral rights on the land. The land and mineral rights are not recognized in the Nation's consolidated financial statements.

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 debt

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

Revenue recognition

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.

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Government Transfers

The 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 Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenues

Rental and lease revenue is recognized over the rental term. Other revenue is recognized as it becomes receivable or when the goods or services have been provided.

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 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.

There are no known liabilities at March 31, 2017.

Measurement uncertainty

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is estimated based on management's understanding of the terms and conditions of programs with restricted funding.

Segments

The Nation conducts its business through 8 reportable segments (Note 15). These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance.

For each reported segment, revenues 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.

Other economic interests

The Nation is a member of several other entities. The Nation does not share in the profit or loss of these entities. As a result these entities have not been included in these consolidated financial statements.

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. A related standard PS 1201, was issued to address changes to financial statement presentation related to financial instruments. In June 2015, the effective date was deferred to fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

Assets, Contingent Assets and Contractual Rights

In June 2015, PS 3210 *Assets*, PS 3320 *Contingent Assets* and PS 3380 *Contractual Rights* were included in the CPA Canada Public Sector Accounting Handbook (PSA HB).

PS 3210 *Assets* provides additional guidance to clarify the definition of assets set out in PS 1000 *Financial Statement Concepts*.

PS 3320 *Contingent Assets* establishes disclosure standards on contingent assets. Under previous standards contingent assets could not be recognized.

PS 3380 *Contractual Rights* 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.

These standards are effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

3. Restricted cash

	2017	2016
Current:		
Capital projects	1,240,594	185,219
Long-term:		
CMHC Replacement Reserve	309,080	433,341
	<hr/> 1,549,674	<hr/> 618,560

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

4. Accounts receivable

	2017	2016
Members	464,441	476,059
Other	172,143	196,926
CMHC	23,117	11,683
Ottawa Trust Fund	-	90,000
Indigenous and Northern Affairs Canada	-	47,000
	<hr/>	<hr/>
Less: Allowance for doubtful accounts	659,701	821,668
	<hr/>	<hr/>
	546,252	561,068
	<hr/>	<hr/>
	113,449	260,600
	<hr/>	<hr/>

5. Investment in Nation business entities

The Nation has investments in the following:

	<i>Investment cost</i>	2017	<i>Total investment</i>
Nation Business Partnerships – Modified Equity:			
Poundmaker Economic Development Holdings Limited Partnership	100	100	100

Poundmaker Economic Development Holdings Limited Partnership was formed with a partnership agreement dated March 1, 2017. Poundmaker obtained 100% ownership with an initial capital investment of \$100. There was no activity in the Partnership for the period ending March 31, 2017. The first financial year-end of the Partnership will be December 31, 2017.

6. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the Nation on the authorization of Chief and Council, with the consent of the Minister of Indian Affairs.

	2017	2016
Capital Trust		
Balance, beginning of year	32,991	59,543
Royalties	87,279	137,233
Withdrawals	-	(163,785)
<hr/>	<hr/>	<hr/>
Balance, end of year	120,270	32,991
Revenue Trust		
Balance, beginning of year	11,102	19,949
Lease	55,617	81,153
Withdrawals	(63,115)	(90,000)
<hr/>	<hr/>	<hr/>
Balance, end of year	3,604	11,102
<hr/>	<hr/>	<hr/>
	123,874	44,093
	<hr/>	<hr/>

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

7. Bank indebtedness

The Nation has an operating line of credit of \$325,000 with interest to be charged at Royal Bank Prime plus 4.05% per annum. At March 31, 2017, \$264,653 (2016 - \$nil) has been drawn. The operating line is secured by a general security agreement and a Band Council Resolution.

8. Deferred revenue

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

	<i>Balance 2016</i>	<i>Contributions received</i>	<i>Contributions utilized</i>	<i>Balance 2017</i>
INAC capital projects	1,622,301	1,382,272	959,820	2,044,753
Land leases	317,244	209,490	325,901	200,833
	1,939,545	1,591,762	1,285,721	2,245,586

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

9. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>Phase</u>	<u>Monthly payment including interest</u>	<u>Interest rate</u>	<u>Renewal Date</u>	<u>2017</u>	<u>2016</u>
I	1,622	1.11%	1-Apr-21	168,136	185,524
II	2,792	1.71%	1-Sep-17	319,583	350,209
III	1,247	1.92%	1-Apr-19	161,375	173,142
IV	1,279	1.37%	1-Jul-20	184,824	197,556
V	6,211	2.35%	1-Sep-18	<u>746,031</u>	<u>808,691</u>
				1,579,949	1,715,122
RBC term loan, repayable in quarterly instalments of \$87,060 including interest at Royal Bank Prime plus 2.75%, due June 5, 2017, secured by a general security agreement				925,521	1,213,292
RBC term loan, repayable in quarterly instalments of \$33,205 including interest at Royal Bank Prime plus 2.75%, due June 5, 2017, secured by a general security agreement				825,158	910,036
RBC Treaty Annuities term loan, with interest at Royal Bank prime plus 0.25%, repayable the earlier of: receipt of funds pursuant to a settlement, judgment or order relating to the Claim and February 1, 2022, secured by AmTrust Europe Limited insurance policy, surety bond and assignment of all proceeds payable under the insurance policy (see Note 11)				442,136	-
RBC term loan, repayable in annual instalments of \$50,000 plus interest at Royal Bank Prime plus 2.75%, due June 1, 2017, secured by a general security agreement				150,000	200,000
Peace Hills Trust mortgage, repayable in monthly instalments of \$1,586 including interest at 4.0%, due October 1, 2020, secured by rental revenues and government guarantees				63,783	79,908
				3,986,547	4,118,358
<u>Less: current portion</u>				587,947	564,036
				3,398,600	3,554,322

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed with similar terms, are estimated as follows:

2018	587,947
2019	613,097
2020	602,216
2021	252,303
2022	691,586

Long-term debt is subject to certain financial covenants with respect to timely submission of financial statements as well as various other restrictions and general covenants. As at March 31, 2017, the Nation is in compliance with all such covenants.

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. Tangible capital assets

For the year ended March 31, 2017

	Cost				Accumulated Amortization				2017 Net book value	
	Opening balance	Additions	Disposals	Reclass of assets	Ending balance	Opening balance	Current amortization	Amortization on disposals	Ending balance	
Land	6,526,781	-	-	-	6,526,781	-	-	-	-	6,526,781
Land Improvements	644,702	-	-	-	644,702	118,107	21,468	-	139,575	505,127
Buildings	14,237,443	-	-	-	14,237,443	9,800,085	393,995	-	10,194,080	4,043,363
CMHC Housing	4,499,233	-	-	-	4,499,233	1,962,184	179,969	-	2,142,153	2,357,080
Vehicles and Equipment	794,937	150,000	-	-	944,937	603,214	64,309	-	667,523	277,414
Computer Equipment	136,601	-	-	-	136,601	98,275	8,517	-	106,792	29,809
Roads	2,321,955	-	-	-	2,321,955	1,014,473	58,049	-	1,072,522	1,249,433
Infrastructure	11,989,772	-	-	-	11,989,772	1,009,550	239,795	-	1,249,345	10,740,427
Assets Under Construction	-	1,048,021	-	-	1,048,021	-	-	-	-	1,048,021
	41,151,424	1,198,021	-	-	42,349,445	14,605,888	966,102	-	15,571,990	26,777,455

For the year ended March 31, 2016

	Cost				Accumulated Amortization				2016 Net book value	
	Opening balance	Additions	Disposals	Reclass of assets	Ending balance	Opening balance	Current amortization	Amortization on disposals	Ending balance	
Land	6,526,781	-	-	-	6,526,781	-	-	-	-	6,526,781
Land Improvements	644,702	-	-	-	644,702	102,503	15,604	-	118,107	526,595
Buildings	13,763,748	473,695	-	-	14,237,443	9,418,855	381,230	-	9,800,085	4,437,358
CMHC Housing	4,499,233	-	-	-	4,499,233	1,782,213	179,971	-	1,962,184	2,537,049
Vehicles and Equipment	681,437	131,000	(17,500)	-	794,937	517,780	102,934	(17,500)	603,214	191,723
Computer Equipment	94,016	42,585	-	-	136,601	94,016	4,259	-	98,275	38,326
Roads	2,245,653	76,302	-	-	2,321,955	971,218	43,255	-	1,014,473	1,307,482
Infrastructure	11,989,772	-	-	-	11,989,772	766,528	243,022	-	1,009,550	10,980,222
	40,445,342	723,582	(17,500)	-	41,151,424	13,653,113	970,275	(17,500)	14,605,888	26,545,536

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

11. Contingent asset

During the year, the Nation initiated a Treaty Annuity Claim against the Government of Canada. The Nation has obtained a loan to finance the costs of negotiating the settlement. Insurance has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time the Claim is resolved.

As of March 31, 2017, expenses of \$442,136 have been incurred and available financing drawn (Note 9). The Nation anticipates the loan will be paid from settlement proceeds. When the Claim is finalized or the insurance proceeds are paid the amounts will be recognized in revenue.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Operating	(3,806,999)	(2,469,902)
Capital assets	24,158,565	23,549,526
CMHC operating reserve	82,847	107,112
CMHC replacement reserve	575,020	533,574
Ottawa Trust Funds	123,874	44,093
	21,133,307	21,764,403

13. Funds and reserves

The Poundmaker Cree Nation maintains the following funds and reserves as part of its operations:

- Operating Fund reports on the general activities of the Nation's administration.
- Capital Asset Fund reports on the capital assets and projects of the Nation.
- CMHC Operating Reserve is required as part of the Nation's CMHC Housing Program, which receives funds pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under the Program.
- CMHC Replacement Reserve is required as part of the Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses.
- Ottawa Trust Fund reports on trust moneys owned by the Nation and held by the Government of Canada.

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

14. Budget information

The disclosed budget information is based on the approved November 30, 2012 Management Action Plan which covered the 2012 to 2020 fiscal years. The budget information was prepared for individual programs and has been consolidated in accordance with Canadian public sector accounting standards. In preparation of the budget, the Nation budgeted for tangible capital asset additions and loan principal payments as expenses which is not in accordance with Canadian public sector accounting standards. Tangible capital asset purchases were adjusted in the Consolidated Statement of Changes in Net Debt and the loan principal payments were eliminated.

	Approved fiscal plan	Adjustments	Fiscal plan per consolidated financial statements
Consolidated Statement of Operations and Accumulated Surplus			
Revenues	8,020,451	-	8,020,451
Expenses	7,910,451	(720,000)	7,190,451
Surplus	110,000	720,000	830,000
Consolidated Statement of Changes in Net Debt			
Annual surplus (deficit)	110,000	720,000	830,000
Purchases of tangible capital assets	-	(400,000)	(400,000)
Amortization of tangible capital assets	194,703	-	194,703
Increase in net debt	304,703	320,000	624,703
Net debt, beginning of year	(4,808,234)	-	(4,808,234)
Adjusted net debt	(4,503,531)	320,000	(4,183,531)

15. Segments

The Nation has 8 reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

- Administration - includes administration and governance activities.
- Education - includes the operations of education programs.
- Social Development - includes operations and delivery of social programs.
- Housing - includes the operations of housing.
- Operations and maintenance - includes operations for the maintenance of the Nation's buildings and infrastructure.
- Capital - reports on capital projects.
- Own Source - reports on operations related to economic development and other revenue generated by the Nation.
- Other - reports on operations of band programs.

16. Economic dependence

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

Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

17. Indigenous and Northern Affairs Canada Reconciliation

INAC funding per confirmation	7,861,696
Add: Deferred revenue, beginning	1,622,301
Deduct: Deferred revenue, ending	(2,044,753)
Basic needs reconciliation	(108,056)
Special needs reconciliation	(65,317)
NCB reconciliation	(44,604)
Institutional care reconciliation	(5,367)
Band employee benefits reconciliation	(9,040)
P&ID reconciliation 2015-2016	(25,000)
P&ID reconciliation 2016-2017	(15,983)
Overpaid recoveries	(64,650)
	<hr/>
	7,101,227

18. Comparative figures

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

Poundmaker Cree Nation
Schedule of Consolidated Expenses by Object
For the year ended March 31, 2017

	2017 Budget (Note 14)	2017 Actual	2016 Actual
Salaries and benefits	2,004,941	2,550,165	2,496,091
Social assistance	1,782,652	1,813,265	1,937,586
Amortization of tangible capital assets	194,703	966,102	970,275
Repairs and maintenance	540,893	889,897	679,533
Contracted services	429,531	752,352	1,174,499
Professional fees	242,200	610,957	435,496
Student	381,195	530,302	455,847
Program	363,850	302,784	358,827
Meetings and travel	237,630	298,133	285,123
Membership assistance	207,000	287,352	202,925
Insurance	71,000	229,860	75,783
Utilities and telephone	150,400	167,087	224,336
Interest on long-term debt	99,800	144,998	144,362
Per capita distribution	150,000	120,525	170,140
Supplies	129,680	98,139	202,791
Equipment	31,871	94,189	100,773
Bank charges and interest	16,445	48,743	79,150
Rent	50,000	44,465	57,064
Election	-	16,000	13,697
Training	25,800	8,813	36,437
Land taxes	-	1,150	1,176
Bad debts (recovery)	-	(15,198)	8,582
Reimbursements	-	(22,512)	(10,427)
Administration	80,860	(62,133)	27,869
	7,190,451	9,875,435	10,127,935

Poundmaker Cree Nation
Consolidated Summary of Segment Revenues and Expenses
For the year ended March 31, 2017

	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Ottawa Trust Funds</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Administration	475,075	61,482	-	536,557	955,656	-	(419,099)
Education	2,781,862	1,044	-	2,782,906	2,886,765	-	(103,859)
Social Development	1,960,957	13,581	-	1,974,538	2,294,621	-	(320,083)
Housing	1,357,148	322,602	-	1,679,750	1,207,886	-	471,864
Operations and Maintenance	408,315	8,448	-	416,763	901,988	-	(485,225)
Capital	94,170	5,472	-	99,642	159,170	-	(59,528)
Own Source	-	1,400,055	-	1,400,055	1,110,343	(125,310)	164,402
Other	23,700	102,946	227,482	354,128	359,006	125,310	120,432
Total	7,101,227	1,915,630	227,482	9,244,339	9,875,435	-	(631,096)

Poundmaker Cree Nation
Administration
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	475,075	487,614
Canada Mortgage and Housing Corporation	35,851	-
Miscellaneous	20,983	31,803
Rental	4,648	-
Battle River Treaty 6 Health Centre Inc.	-	6,000
	536,557	525,417
Expenses		
Salaries and benefits	517,120	464,923
Professional fees	185,065	126,905
Meetings and travel	164,210	84,079
Interest on long-term debt	122,228	1,920
Contracted services	78,541	150,492
Amortization of tangible capital assets	63,830	90,617
Repairs and maintenance	55,135	31,349
Bank charges and interest	42,907	43,944
Utilities and telephone	38,813	30,245
Supplies	22,514	13,308
Insurance	20,084	10,766
Election	16,000	13,697
Equipment	11,439	16,168
Training	4,390	26,819
Program	59	7,534
Per capita distribution	-	1,640
Bad debts (recovery)	(15,198)	8,970
Reimbursements	(18,459)	(4,679)
Administration	(353,022)	(17,217)
	955,656	1,101,480
Deficit before other item	(419,099)	(576,063)
Other item		
Gain on disposal of tangible capital assets	-	663
Deficit	(419,099)	(575,400)

Poundmaker Cree Nation
Education
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	2,781,862	2,478,649
Miscellaneous	1,044	6,867
	2,782,906	2,485,516
Expenses		
Salaries and benefits	1,603,280	1,553,335
Student	530,302	455,847
Contracted services	255,575	234,097
Administration	194,042	4,526
Amortization of tangible capital assets	63,075	60,691
Supplies	47,470	91,780
Program	45,669	58,828
Meetings and travel	42,683	65,260
Utilities and telephone	38,175	51,786
Equipment	19,265	28,675
Professional fees	18,788	4,893
Repairs and maintenance	17,431	8,637
Membership assistance	8,000	2,000
Insurance	2,641	4,386
Training	1,751	3,445
Bank charges and interest	1,150	4,850
Reimbursements	(2,532)	(3,948)
	2,886,765	2,629,088
Deficit	(103,859)	(143,572)

Poundmaker Cree Nation
Social Development
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	1,960,957	2,159,097
Battle River Treaty 6 Health Centre Inc.	13,543	16,250
Miscellaneous	38	-
Battlefords Tribal Council	-	1,000
	1,974,538	2,176,347
Expenses		
Social assistance	1,813,265	1,937,586
Salaries and benefits	202,376	224,864
Program	85,067	55,345
Contracted services	47,204	50,957
Administration	46,426	6,000
Utilities and telephone	28,814	6,795
Membership assistance	26,055	2,617
Meetings and travel	18,663	14,613
Rent	7,200	12,548
Professional fees	6,400	-
Equipment	6,309	8,708
Training	1,927	3,700
Supplies	1,900	11,808
Insurance	1,669	6,677
Bank charges and interest	1,346	5,220
Repairs and maintenance	-	1,341
	2,294,621	2,348,779
Deficit	(320,083)	(172,432)

Poundmaker Cree Nation
Housing
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	1,357,148	703,397
Rental	170,280	243,968
Canada Mortgage and Housing Corporation	138,686	140,584
Province of Saskatchewan	9,940	41,341
Miscellaneous	3,696	13,069
Canada Mortgage and Housing Corporation - RRAP	-	41,239
Government of Canada	-	17,580
	1,679,750	1,201,178
Expenses		
Repairs and maintenance	551,541	310,350
Amortization of tangible capital assets	429,580	420,106
Salaries and benefits	49,569	53,877
Equipment	48,731	16,741
Insurance	40,760	43,225
Interest on long-term debt	22,770	38,089
Administration	18,255	22,560
Meetings and travel	14,882	15,401
Contracted services	14,712	44,995
Professional fees	12,089	8,000
Utilities and telephone	2,005	-
Supplies	1,670	59,003
Bank charges and interest	727	472
Training	595	1,492
Membership assistance	-	9,940
Program	-	5,000
	1,207,886	1,049,251
Surplus	471,864	151,927

Poundmaker Cree Nation
Operations and Maintenance
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	408,315	535,482
Miscellaneous	8,448	5,000
	416,763	540,482
Expenses		
Amortization of tangible capital assets	342,685	331,932
Contracted services	235,654	232,368
Repairs and maintenance	139,377	123,393
Salaries and benefits	76,974	71,700
Utilities and telephone	54,053	82,171
Administration	20,166	-
Supplies	18,347	21,200
Insurance	7,684	8,541
Equipment	6,500	11,226
Program	417	-
Meetings and travel	131	2,518
Bank charges and interest	-	3,470
Training	-	981
	901,988	889,500
Deficit	(485,225)	(349,018)

Poundmaker Cree Nation
Capital
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	94,170	243,380
Miscellaneous	5,472	1,751
	99,642	245,131
Expenses		
Repairs and maintenance	78,010	30,545
Amortization of tangible capital assets	59,318	59,315
Contracted services	21,842	-
Bank charges and interest	-	9
	159,170	89,869
Surplus (deficit)	(59,528)	155,262

Poundmaker Cree Nation
Own Source
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	-	47,200
First Nations Trust	542,385	588,593
Lease	325,847	275,765
Gravel sales	282,535	118,100
Battlefords Agency Tribal Chiefs - CDC	97,000	165,600
Miscellaneous	67,784	37,834
Royalties	41,234	32,811
Rental	3,270	-
Land use agreement	-	585,839
Battle River Treaty 6 Health Centre Inc.	-	10,000
Battlefords Tribal Council	-	5,200
	1,360,055	1,866,942
Expenses		
Professional fees	385,165	294,698
Insurance	157,022	-
Program	148,443	218,303
Per capita distribution	120,525	168,500
Salaries and benefits	100,846	112,555
Contracted services	70,374	438,483
Meetings and travel	56,854	92,216
Rent	37,265	44,516
Repairs and maintenance	12,247	17,110
Membership assistance	8,774	17,652
Supplies	6,091	270
Bank charges and interest	2,613	21,137
Utilities and telephone	2,400	1,500
Equipment	1,945	19,061
Land taxes	1,150	1,176
Training	150	-
Interest on long-term debt	-	100,861
Bad debts (recovery)	-	(388)
Reimbursements	(1,521)	(1,800)
	1,110,343	1,545,850
Surplus before other item	249,712	321,092
Other item		
Gain on disposal of tangible capital assets	40,000	17,500
Surplus before transfers	289,712	338,592
Transfers between programs	(125,310)	-
Surplus	164,402	338,592

Poundmaker Cree Nation
Other
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2017

	2017	2016
Revenues		
Indigenous and Northern Affairs Canada	23,700	-
Ottawa Trust Funds	227,482	186,115
Grants and proposal funding	74,329	-
Government of Canada	23,292	21,500
Province of Saskatchewan	5,325	21,000
Miscellaneous	-	40,471
	354,128	269,086
Expenses		
Membership assistance	244,523	170,716
Repairs and maintenance	36,156	156,808
Contracted services	28,450	23,107
Program	23,129	13,817
Administration	12,000	12,000
Amortization of tangible capital assets	7,614	7,614
Professional fees	3,450	1,000
Utilities and telephone	2,827	51,839
Meetings and travel	710	11,036
Supplies	147	5,422
Salaries and benefits	-	14,837
Interest on long-term debt	-	3,492
Insurance	-	2,188
Equipment	-	194
Bank charges and interest	-	48
	359,006	474,118
Deficit before transfers	(4,878)	(205,032)
Transfers between programs	125,310	-
Surplus (deficit)	120,432	(205,032)