



**Poundmaker Cree Nation
Consolidated Financial Statements**

March 31, 2018



Poundmaker Cree Nation Contents

For the year ended March 31, 2018

| | Page |
|---|----------|
| Management's Responsibility | |
| Independent Auditors' Report | |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position..... | 1 |
| Consolidated Statement of Operations and Accumulated Surplus..... | 2 |
| Consolidated Statement of Changes in Net Debt..... | 3 |
| Consolidated Statement of Cash Flows..... | 4 |
| Notes to the Consolidated Financial Statements..... | 5 |
| Schedules | |
| Schedule of Consolidated Expenses by Object..... | 16 |
| Schedule of Segment Revenues and Expenses - Administration..... | 17 |
| Schedule of Segment Revenues and Expenses - Education..... | 18 |
| Schedule of Segment Revenues and Expenses - Social Development..... | 19 |
| Schedule of Segment Revenues and Expenses - Housing..... | 20 |
| Schedule of Segment Revenues and Expenses - Operations and Maintenance..... | 21 |
| Schedule of Segment Revenues and Expenses - Capital..... | 22 |
| Schedule of Segment Revenues and Expenses - Own Source..... | 23 |
| Schedule of Segment Revenues and Expenses - Other..... | 24 |



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, 2018

Signed By: Duane 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, 2018, and the consolidated statements of operations and accumulated surplus, changes in net debt and 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, 2018 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 Notes 12 and 13 to the consolidated financial statements which describe that Poundmaker Cree Nation entered into Treaty Benefit and Annuities Claims against the Government of Canada for damages sustained by the Nation. The Nation has obtained a loan to fund the costs of negotiations and has taken insurance to cover the repayment of the loans if it is in excess of settlement proceeds.

Saskatoon, Saskatchewan

July 26, 2018

MNP LLP

Chartered Professional Accountants



Poundmaker Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2018

| | 2018 | 2017 |
|--|--------------------|-------------|
| Financial assets | | |
| Current | | |
| Restricted cash (Note 4) | 533,818 | 1,240,594 |
| Gravel inventory for sale | 84,400 | - |
| Accounts receivable (Note 5) | 31,348 | 113,449 |
| | 649,566 | 1,354,043 |
| Investment in Nation business entity (Note 6) | 100 | 100 |
| Funds held in Ottawa Trust Fund (Note 7) | 71,493 | 123,874 |
| Restricted cash (Note 4) | 402,347 | 309,080 |
| Total financial assets | 1,123,506 | 1,787,097 |
| Liabilities | | |
| Current | | |
| Bank indebtedness (Note 8) | 484,468 | 371,051 |
| Accounts payable and accruals | 767,010 | 860,912 |
| Deferred revenue (Note 9) | 946,818 | 2,245,586 |
| Current portion of long-term debt (Note 10) | 882,123 | 587,947 |
| Term loan due on demand (Note 10) | 110,000 | - |
| | 3,190,419 | 4,065,496 |
| Long-term debt (Note 10) | 3,825,917 | 3,398,600 |
| Total liabilities | 7,016,336 | 7,464,096 |
| Net debt | (5,892,830) | (5,676,999) |
| Contingent asset (Note 12) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 11) | 27,120,895 | 26,777,455 |
| Prepaid expenses | - | 32,851 |
| Total non-financial assets | 27,120,895 | 26,810,306 |
| Accumulated surplus (Note 13) | 21,228,065 | 21,133,307 |

Approved on behalf of Chief and Council

Signed By: Duane Antoine

Chief

Signed By: Brandon Favel

Councillor

Signed By: Darwin Kasokeo

Councillor



Poundmaker Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

| | 2018 Budget (Note 15) | 2018 Actual | 2017 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Revenues | | | |
| Indigenous Services Canada (Note 18) | 5,862,835 | 7,601,460 | 7,101,227 |
| Miscellaneous | 53,800 | 685,983 | 107,465 |
| First Nations Trust | 412,000 | 550,208 | 542,385 |
| Gravel sales | - | 418,128 | 282,535 |
| Canada Mortgage and Housing Corporation | 140,191 | 297,607 | 174,537 |
| Lease | 280,000 | 289,002 | 325,847 |
| Ottawa Trust Fund | 80,000 | 270,258 | 227,482 |
| Rental | 170,280 | 191,794 | 178,198 |
| Grants and proposal funding | 165,800 | 130,461 | 74,329 |
| Battlefords Agency Tribal Chiefs - CDC | 96,000 | 64,700 | 97,000 |
| Government of Canada | 21,504 | 21,502 | 23,292 |
| Battle River Treaty 6 Health Centre Inc. | 16,250 | 16,250 | 13,543 |
| Battlefords Tribal Council | - | 1,347 | - |
| Royalties | - | 307 | 41,234 |
| Province of Saskatchewan | - | - | 15,265 |
| | 7,298,660 | 10,539,007 | 9,204,339 |
| Program expenses | | | |
| Administration | 803,018 | 1,109,115 | 955,656 |
| Education | 2,994,349 | 3,088,736 | 2,886,765 |
| Social Development | 1,889,781 | 1,896,466 | 2,294,621 |
| Housing | 438,523 | 833,530 | 1,207,886 |
| Operations and Maintenance | 548,545 | 1,060,996 | 901,988 |
| Capital | - | 95,104 | 159,170 |
| Own Source | 889,950 | 1,973,984 | 1,110,343 |
| Other | 366,029 | 361,239 | 359,006 |
| Total expenses | 7,930,195 | 10,419,170 | 9,875,435 |
| Surplus (deficit) before other item | (631,535) | 119,837 | (671,096) |
| Other item | | | |
| Gain (loss) on disposal of tangible capital assets | - | (25,079) | 40,000 |
| Surplus (deficit) | (631,535) | 94,758 | (631,096) |
| Accumulated surplus, beginning of year | 21,133,307 | 21,133,307 | 21,764,403 |
| Accumulated surplus, end of year | 20,501,772 | 21,228,065 | 21,133,307 |



Poundmaker Cree Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2018

| | 2018 Budget (Note 15) | 2018 Actual | 2017 Actual |
|--|--------------------------------------|------------------------|------------------------|
| Surplus (deficit) | (631,535) | 94,758 | (631,096) |
| Purchases of tangible capital assets | (60,000) | (1,357,020) | (1,198,021) |
| Amortization of tangible capital assets | - | 988,501 | 966,102 |
| Gain (loss) on disposal of tangible capital assets | - | 25,079 | (40,000) |
| Proceeds on disposal of tangible capital assets | - | - | 40,000 |
| Use (acquisition) of prepaid expenses | - | 32,851 | (5,750) |
| | (60,000) | (310,589) | (237,669) |
| Change in net debt | (691,535) | (215,831) | (868,765) |
| Net debt, beginning of year | (5,676,999) | (5,676,999) | (4,808,234) |
| Net debt, end of year | (6,368,534) | (5,892,830) | (5,676,999) |



Poundmaker Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|--------------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Surplus (deficit) | 94,758 | (631,096) |
| Non-cash items | | |
| Amortization of tangible capital assets | 988,501 | 966,102 |
| Loss (gain) on disposal of tangible capital assets | 25,079 | (40,000) |
| | 1,108,338 | 295,006 |
| Changes in working capital accounts | | |
| Gravel inventory for sale | (84,400) | - |
| Accounts receivable | 82,101 | 147,151 |
| Prepaid expenses | 32,851 | (5,750) |
| Accounts payable and accruals | (93,902) | 293,613 |
| Deferred revenue | (1,298,768) | 306,041 |
| | (253,780) | 1,036,061 |
| Financing activities | | |
| Advances of long-term debt and term loan due on demand | 1,363,408 | 442,136 |
| Repayment of long-term debt | (531,915) | (573,947) |
| | 831,493 | (131,811) |
| Capital activities | | |
| Purchases of tangible capital assets | (1,357,020) | (1,198,021) |
| Decrease (increase) in funds held in Ottawa Trust Fund | 52,381 | (79,781) |
| Proceeds on disposal of tangible capital assets | - | 40,000 |
| | (1,304,639) | (1,237,802) |
| Investing activities | | |
| Investment in Nation business entity | - | (100) |
| Decrease (increase) in restricted cash | 613,509 | (931,114) |
| | 613,509 | (931,214) |
| Decrease in cash resources | (113,417) | (1,264,766) |
| Cash resources (deficiency), beginning of year | (371,051) | 893,715 |
| Cash deficiency, end of year | (484,468) | (371,051) |
| Supplementary cash flow information | | |
| Interest paid | 260,158 | 180,685 |



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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. Change in accounting policy

Effective April 1, 2017, the Nation adopted the recommendations relating to the following sections, as set out in the CPA Canada Public Sector Accounting Handbook.

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from adopting the new standards.

3. 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.
- 101119042 Saskatchewan Ltd.

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



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

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.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of the Nation 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 | 7-10 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. In the year of acquisition assets are amortized at 50% of the normal rate.

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.

Inventory

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



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

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.

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. Miscellaneous and gravel 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, 2018.

There are no known liabilities at March 31, 2018.

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.

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 16). 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.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

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.

4. Restricted cash

| | 2018 | 2017 |
|--------------------------|----------------|-------------|
| Current: | | |
| Capital projects | 533,818 | 1,240,594 |
| Long-term: | | |
| CMHC Replacement Reserve | 402,347 | 309,080 |
| | 936,165 | 1,549,674 |

5. Accounts receivable

| | 2018 | 2017 |
|---------------------------------------|----------------|-------------|
| Members | 386,425 | 464,441 |
| Other | 102,049 | 172,143 |
| CMHC | 28,821 | 23,117 |
| | 517,295 | 659,701 |
| Less: Allowance for doubtful accounts | 485,947 | 546,252 |
| | 31,348 | 113,449 |

6. Investment in Nation business entity

The Nation has the following investment:

| | <i>Investment cost</i> | 2018 | <i>Total investment</i> |
|--|------------------------|-------------|-------------------------|
| Nation Business Partnership – 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, 2018.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. 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.

| | 2018 | 2017 |
|----------------------------|---------------|----------------|
| Capital Trust | | |
| Balance, beginning of year | 120,270 | 32,991 |
| Royalties | 205,448 | 87,279 |
| Withdrawals | (259,809) | - |
| Balance, end of year | 65,909 | 120,270 |
| Revenue Trust | | |
| Balance, beginning of year | 3,604 | 11,102 |
| Lease | 64,810 | 55,617 |
| Withdrawals | (62,830) | (63,115) |
| Balance, end of year | 5,584 | 3,604 |
| | 71,493 | 123,874 |

8. Bank indebtedness

The Nation has an operating line of credit of \$325,000 with interest at Royal Bank Prime plus 4.05%. At March 31, 2018, \$145,642 (2017 - \$264,653) has been drawn. The operating line is secured by a general security agreement and a Band Council Resolution.

9. Deferred revenue

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

| | <i>Balance 2017</i> | <i>Contributions received</i> | <i>Contributions utilized</i> | <i>Balance 2018</i> |
|----------------------|---------------------|-------------------------------|-------------------------------|---------------------|
| ISC capital projects | 2,044,753 | 100,000 | 1,463,607 | 681,146 |
| Land leases | 200,833 | 283,798 | 218,959 | 265,672 |
| | 2,245,586 | 383,798 | 1,682,566 | 946,818 |



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

10. 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>2018</u> | <u>2017</u> |
|--|---|----------------------|---------------------|------------------|------------------|
| I | 1,622 | 1.11% | 1-Apr-21 | 150,442 | 168,136 |
| II | 2,862 | 1.71% | 1-Dec-22 | 291,388 | 319,583 |
| III | 1,247 | 1.92% | 1-Apr-19 | 149,388 | 161,375 |
| IV | 1,279 | 1.37% | 1-Jul-20 | 171,924 | 184,824 |
| V | 6,211 | 2.35% | 1-Sep-18 | <u>688,339</u> | <u>746,031</u> |
| | | | | 1,451,481 | 1,579,949 |
| RBC Treaty Benefit 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 January 16, 2023, secured by AmTrust Europe Limited insurance policy, surety bond and assignment of all proceeds payable under the insurance policy (see Note 12) | | | | | |
| | | | | 861,496 | - |
| RBC term loan, repayable in quarterly instalments of \$33,205 including interest at Royal Bank Prime plus 2.75%, due June 5, 2018, secured by a general security agreement | | | | | |
| | | | | 760,489 | 825,158 |
| RBC term loan, repayable in quarterly instalments of \$87,060 including interest at Royal Bank Prime plus 2.75%, due June 30, 2018, secured by a general security agreement | | | | | |
| | | | | 701,334 | 925,521 |
| 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 12) | | | | | |
| | | | | 513,048 | 442,136 |
| RBC term loan, repayable in full on July 31, 2018 with interest at Royal Bank Prime plus 2.50% payable monthly, secured by a general security agreement | | | | | |
| | | | | 257,000 | - |
| Innovation Credit Union term loan, interest at 6.45%, due April 20, 2018, secured by a general security agreement | | | | | |
| | | | | 110,000 | - |
| RBC term loan, repayable in annual instalments of \$50,000 plus interest at Royal Bank Prime plus 2.75%, due June 1, 2018, secured by a general security agreement | | | | | |
| | | | | 100,000 | 150,000 |
| 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 | | | | | |
| | | | | 46,824 | 63,783 |
| RBC term loan, repayable in monthly instalments of \$1,061 including interest at Royal Bank Prime plus 3.0%, due July 2, 2018, secured by a general security agreement | | | | | |
| | | | | 16,368 | - |
| | | | | 4,818,040 | 3,986,547 |
| Less: term loan due on demand | | | | | |
| | | | | 110,000 | - |
| Less: current portion | | | | | |
| | | | | 882,123 | 587,947 |
| | | | | 3,825,917 | 3,398,600 |



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

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:

| | |
|------|-----------|
| 2019 | 882,123 |
| 2020 | 606,597 |
| 2021 | 252,127 |
| 2022 | 762,498 |
| 2023 | 1,107,031 |

The Innovation Credit Union loan of \$110,000 was a loan the Nation guaranteed for 101119042 Saskatchewan Ltd. The loan was in default from October 20, 2017 until March 31, 2018. Subsequent to year end the bank provided written notification that the loan was in default and has been called. As such the entire balance has been classified as a current liability.

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, 2018, the Nation is in compliance with all such covenants.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

11. Tangible capital assets

For the year ended March 31, 2018

| | Cost | | | | Accumulated Amortization | | | | 2018 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 | - | - | 187,843 | 832,545 | 139,575 | 24,596 | - | 164,171 | 668,374 |
| Buildings | 14,237,443 | 201,327 | (9,425) | 860,178 | 15,289,523 | 10,194,080 | 398,708 | (2,450) | 10,590,338 | 4,699,185 |
| CMHC Housing | 4,499,233 | - | - | - | 4,499,233 | 2,142,153 | 179,970 | - | 2,322,123 | 2,177,110 |
| Vehicles and Equipment | 944,937 | 59,500 | (176,749) | - | 827,688 | 667,523 | 76,808 | (158,645) | 585,686 | 242,002 |
| Computer Equipment | 136,601 | - | - | - | 136,601 | 106,792 | 8,517 | - | 115,309 | 21,292 |
| Roads | 2,321,955 | - | - | - | 2,321,955 | 1,072,522 | 58,049 | - | 1,130,571 | 1,191,384 |
| Infrastructure | 11,989,772 | 205,737 | - | - | 12,195,509 | 1,249,345 | 241,853 | - | 1,491,198 | 10,704,311 |
| Assets Under Construction | 1,048,021 | 890,456 | - | (1,048,021) | 890,456 | - | - | - | - | 890,456 |
| | 42,349,445 | 1,357,020 | (186,174) | - | 43,520,291 | 15,571,990 | 988,501 | (161,095) | 16,399,396 | 27,120,895 |

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 |



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Contingent asset

During the current year, the Nation initiated a Treaty Benefits Claim against the Government of Canada. During the prior year, the Nation initiated a Treaty Annuity Claim against the Government of Canada. The Nation has obtained loans to finance the costs of negotiating these Claims. Insurance has been obtained to mitigate the risk that settlement proceeds may be less than the related loans outstanding at such time the Claims are resolved.

As of March 31, 2018, expenses for the Treaty Annuity Claim of \$513,048 (2017 - \$442,136) have been incurred and available financing drawn (Note 10). 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.

As of March 31, 2018, expenses for the Treaty Benefit Claim of \$861,496 have been incurred and available financing drawn (Note 10). 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.

13. Accumulated surplus

Accumulated surplus consists of the following:

| | 2018 | 2017 |
|--------------------------|-------------------|-------------|
| Operating | (3,918,311) | (3,806,999) |
| Capital assets | 24,378,733 | 24,158,565 |
| CMHC operating reserve | 86,281 | 82,847 |
| CMHC replacement reserve | 609,869 | 575,020 |
| Ottawa Trust Fund | 71,493 | 123,874 |
| | 21,228,065 | 21,133,307 |

At March 31, 2018, a cumulative \$1,224,544 (2017 - \$442,136) of costs incurred for the Treaty Benefits and Annuity Claims have decreased the operating deficit as disclosed in Note 12. An additional \$150,000 was disbursed under these loans to the Nation to cover other costs for negotiating the Claims.

14. 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 Funds 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, 2018

15. Budget information

The disclosed budget information was approved by the Nation's Chief and Council in September 2017. 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 included 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 | 7,298,660 | - | 7,298,660 |
| Expenses | 8,573,084 | (642,889) | 7,930,195 |
| Surplus(deficit) | (1,274,424) | 642,889 | (631,535) |
| Consolidated Statement of Changes in Net Debt | | | |
| Annual surplus (deficit) | (1,274,424) | 642,889 | (631,535) |
| Purchases of tangible capital assets | - | (60,000) | (60,000) |
| Increase (decrease) in net debt | (1,274,424) | 582,889 | (691,535) |
| Net debt, beginning of year | (5,676,999) | - | (5,676,999) |
| Adjusted net debt | (6,951,423) | 582,889 | (6,368,534) |

16. 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.

17. Economic dependence

Poundmaker Cree Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC 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, 2018

18. Indigenous Services Canada Reconciliation

| | |
|--|------------------------|
| ISC funding per confirmation | 6,162,063 |
| Add: Deferred revenue, beginning | 2,044,753 |
| Funding received from prior years | 9,600 |
| Revised basic needs reconciliation from prior year | 8,018 |
| Revised special needs reconciliation from prior year | 65,317 |
| Institutional care reconciliation | 1 |
| Band employee benefits reconciliation | 834 |
| Deduct: Deferred revenue, ending | (681,146) |
| Jordan's Principal recovery | (5,000) |
| Overpaid recoveries | (2,980) |
| | <hr/> 7,601,460 |



Poundmaker Cree Nation
Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

| | 2018 Budget (Note 15) | 2018 Actual | 2017 Actual |
|---|--------------------------------------|------------------------|------------------------|
| Salaries and benefits | 2,751,614 | 2,967,437 | 2,550,165 |
| Social assistance | 1,467,981 | 1,436,361 | 1,813,265 |
| Amortization of tangible capital assets | - | 988,501 | 966,102 |
| Contracted services | 647,814 | 771,014 | 752,352 |
| Professional fees | 223,257 | 691,765 | 610,957 |
| Repairs and maintenance | 577,152 | 559,165 | 889,897 |
| Student | 457,235 | 490,011 | 530,302 |
| Insurance | 74,863 | 473,966 | 229,860 |
| Program | 288,660 | 466,203 | 302,784 |
| Per capita distribution | 377,300 | 246,750 | 120,525 |
| Meetings and travel | 187,403 | 214,211 | 298,133 |
| Utilities and telephone | 153,270 | 211,977 | 167,087 |
| Supplies | 208,777 | 198,945 | 98,139 |
| Gravel production costs | - | 159,435 | - |
| Interest on long-term debt | 179,414 | 157,081 | 144,998 |
| Membership assistance | 178,532 | 144,688 | 287,352 |
| Equipment | 52,028 | 120,730 | 94,189 |
| Bank charges and interest | 38,415 | 74,842 | 48,743 |
| Rent | 37,000 | 60,956 | 44,465 |
| Bad debts (recovery) | - | 11,138 | (15,198) |
| Training | 2,000 | 3,083 | 8,813 |
| Election | - | - | 16,000 |
| Land taxes | - | - | 1,150 |
| Administration | 25,680 | (2,716) | (62,133) |
| Reimbursements | 1,800 | (26,373) | (22,512) |
| | 7,930,195 | 10,419,170 | 9,875,435 |



Poundmaker Cree Nation
Administration
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 654,556 | 475,075 |
| Canada Mortgage and Housing Corporation | 66,429 | 35,851 |
| Miscellaneous | 27,584 | 20,983 |
| Rental | 12,500 | 4,648 |
| | 761,069 | 536,557 |
| Expenses | | |
| Salaries and benefits | 676,696 | 517,120 |
| Professional fees | 224,084 | 185,065 |
| Meetings and travel | 92,045 | 164,210 |
| Amortization of tangible capital assets | 63,830 | 63,830 |
| Repairs and maintenance | 56,300 | 55,135 |
| Equipment | 45,818 | 11,439 |
| Interest on long-term debt | 44,692 | 122,228 |
| Utilities and telephone | 40,794 | 38,813 |
| Bank charges and interest | 33,523 | 42,907 |
| Bad debts (recovery) | 28,400 | (15,198) |
| Supplies | 23,917 | 22,514 |
| Contracted services | 12,410 | 78,541 |
| Insurance | 10,456 | 20,084 |
| Program | 5,834 | 59 |
| Training | 2,952 | 4,390 |
| Membership assistance | 511 | - |
| Election | - | 16,000 |
| Reimbursements | (6,143) | (18,459) |
| Administration | (247,004) | (353,022) |
| | 1,109,115 | 955,656 |
| Deficit | (348,046) | (419,099) |



Poundmaker Cree Nation
Education
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 2,946,163 | 2,781,862 |
| Miscellaneous | 45,372 | 1,044 |
| | 2,991,535 | 2,782,906 |
| Expenses | | |
| Salaries and benefits | 1,839,114 | 1,603,280 |
| Student | 490,011 | 530,302 |
| Contracted services | 272,366 | 255,575 |
| Administration | 185,356 | 194,042 |
| Supplies | 61,471 | 47,470 |
| Amortization of tangible capital assets | 60,867 | 63,075 |
| Program | 49,577 | 45,669 |
| Meetings and travel | 41,958 | 42,683 |
| Utilities and telephone | 41,265 | 38,175 |
| Equipment | 20,096 | 19,265 |
| Repairs and maintenance | 12,080 | 17,431 |
| Professional fees | 10,600 | 18,788 |
| Bank charges and interest | 2,130 | 1,150 |
| Insurance | 1,770 | 2,641 |
| Training | 131 | 1,751 |
| Membership assistance | - | 8,000 |
| Reimbursements | (56) | (2,532) |
| | 3,088,736 | 2,886,765 |
| Deficit | (97,201) | (103,859) |



Poundmaker Cree Nation
Social Development
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|--|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 1,951,891 | 1,960,957 |
| Miscellaneous | 20,445 | 38 |
| Battle River Treaty 6 Health Centre Inc. | 16,250 | 13,543 |
| Battlefords Tribal Council | 1,347 | - |
| | 1,989,933 | 1,974,538 |
| Expenses | | |
| Social assistance | 1,436,361 | 1,813,265 |
| Salaries and benefits | 149,043 | 202,376 |
| Program | 129,063 | 85,067 |
| Contracted services | 35,931 | 47,204 |
| Administration | 30,924 | 46,426 |
| Equipment | 28,171 | 6,309 |
| Utilities and telephone | 26,201 | 28,814 |
| Membership assistance | 17,502 | 26,055 |
| Supplies | 16,645 | 1,900 |
| Meetings and travel | 12,924 | 18,663 |
| Bank charges and interest | 6,253 | 1,346 |
| Rent | 5,000 | 7,200 |
| Professional fees | 5,000 | 6,400 |
| Training | - | 1,927 |
| Insurance | - | 1,669 |
| Reimbursements | (2,552) | - |
| | 1,896,466 | 2,294,621 |
| Surplus (deficit) | 93,467 | (320,083) |



Poundmaker Cree Nation
Housing
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|----------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 490,259 | 1,357,148 |
| Canada Mortgage and Housing Corporation | 231,178 | 138,686 |
| Rental | 179,294 | 170,280 |
| Miscellaneous | 17,826 | 3,696 |
| Province of Saskatchewan | - | 9,940 |
| | 918,557 | 1,679,750 |
| Expenses | | |
| Amortization of tangible capital assets | 434,670 | 429,580 |
| Repairs and maintenance | 257,216 | 551,541 |
| Insurance | 34,586 | 40,760 |
| Interest on long-term debt | 29,451 | 22,770 |
| Salaries and benefits | 25,750 | 49,569 |
| Administration | 22,560 | 18,255 |
| Professional fees | 11,317 | 12,089 |
| Supplies | 8,427 | 1,670 |
| Meetings and travel | 4,239 | 14,882 |
| Utilities and telephone | 3,707 | 2,005 |
| Contracted services | 1,219 | 14,712 |
| Bank charges and interest | 198 | 727 |
| Equipment | 190 | 48,731 |
| Training | - | 595 |
| | 833,530 | 1,207,886 |
| Surplus | 85,027 | 471,864 |



Poundmaker Cree Nation
Operations and Maintenance
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 412,006 | 408,315 |
| Miscellaneous | 25,000 | 8,448 |
| | 437,006 | 416,763 |
| Expenses | | |
| Amortization of tangible capital assets | 332,111 | 342,685 |
| Contracted services | 260,251 | 235,654 |
| Repairs and maintenance | 195,879 | 139,377 |
| Salaries and benefits | 121,112 | 76,974 |
| Utilities and telephone | 94,646 | 54,053 |
| Supplies | 35,635 | 18,347 |
| Professional fees | 17,127 | - |
| Insurance | 10,581 | 7,684 |
| Equipment | 9,815 | 6,500 |
| Meetings and travel | 328 | 131 |
| Administration | - | 20,166 |
| Program | - | 417 |
| Reimbursements | (16,489) | - |
| | 1,060,996 | 901,988 |
| Deficit | (623,990) | (485,225) |



**Poundmaker Cree Nation
Capital
Schedule of Segment Revenues and Expenses**
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 1,072,917 | 94,170 |
| Miscellaneous | 6,882 | 5,472 |
| | 1,079,799 | 99,642 |
| Expenses | | |
| Amortization of tangible capital assets | 60,909 | 59,318 |
| Contracted services | 34,195 | 21,842 |
| Repairs and maintenance | - | 78,010 |
| | 95,104 | 159,170 |
| Surplus (deficit) | 984,695 | (59,528) |



Poundmaker Cree Nation
Own Source
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|--|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 9,600 | - |
| Miscellaneous | 539,874 | 67,784 |
| First Nations Trust | 485,208 | 542,385 |
| Gravel sales | 418,128 | 282,535 |
| Lease | 289,002 | 325,847 |
| Battlefords Agency Tribal Chiefs - CDC | 64,700 | 97,000 |
| Grants and proposal funding | 12,500 | - |
| Royalties | 307 | 41,234 |
| Rental | - | 3,270 |
| | 1,819,319 | 1,360,055 |
| Expenses | | |
| Insurance | 416,167 | 157,022 |
| Professional fees | 399,737 | 385,165 |
| Per capita distribution | 246,750 | 120,525 |
| Program | 210,003 | 148,443 |
| Gravel production costs | 159,435 | - |
| Salaries and benefits | 115,220 | 100,846 |
| Interest on long-term debt | 81,638 | - |
| Contracted services | 80,451 | 70,374 |
| Meetings and travel | 60,873 | 56,854 |
| Rent | 55,956 | 37,265 |
| Membership assistance | 42,979 | 8,774 |
| Bank charges and interest | 32,738 | 2,613 |
| Amortization of tangible capital assets | 28,500 | - |
| Repairs and maintenance | 28,224 | 12,247 |
| Supplies | 26,425 | 6,091 |
| Administration | 3,300 | - |
| Utilities and telephone | 2,400 | 2,400 |
| Equipment | 1,583 | 1,945 |
| Land taxes | - | 1,150 |
| Training | - | 150 |
| Reimbursements | (1,133) | (1,521) |
| Bad debts (recovery) | (17,262) | - |
| | 1,973,984 | 1,110,343 |
| Surplus (deficit) before other item | (154,665) | 249,712 |
| Other item | | |
| Gain (loss) on disposal of tangible capital assets | (25,079) | 40,000 |
| Surplus (deficit) before transfers | (179,744) | 289,712 |
| Transfers between programs | - | (125,310) |
| Surplus (deficit) | (179,744) | 164,402 |



Poundmaker Cree Nation
Other
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2018

| | 2018 | 2017 |
|---|----------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 64,068 | 23,700 |
| Ottawa Trust Fund | 270,258 | 227,482 |
| Grants and proposal funding | 117,961 | 74,329 |
| First Nations Trust | 65,000 | - |
| Government of Canada | 21,502 | 23,292 |
| Miscellaneous | 3,000 | - |
| Province of Saskatchewan | - | 5,325 |
| | 541,789 | 354,128 |
| Expenses | | |
| Membership assistance | 83,696 | 244,523 |
| Contracted services | 74,191 | 28,450 |
| Program | 71,726 | 23,129 |
| Salaries and benefits | 40,502 | - |
| Supplies | 26,425 | 147 |
| Professional fees | 23,900 | 3,450 |
| Equipment | 15,057 | - |
| Repairs and maintenance | 9,466 | 36,156 |
| Amortization of tangible capital assets | 7,614 | 7,614 |
| Utilities and telephone | 2,964 | 2,827 |
| Administration | 2,148 | 12,000 |
| Meetings and travel | 1,844 | 710 |
| Interest on long-term debt | 1,300 | - |
| Insurance | 406 | - |
| | 361,239 | 359,006 |
| Surplus (deficit) before transfers | 180,550 | (4,878) |
| Transfers between programs | - | 125,310 |
| Surplus | 180,550 | 120,432 |