



Poundmaker Cree Nation
Consolidated Financial Statements
March 31, 2018



Poundmaker Cree Nation

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For the year ended March 31, 2018

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Management's Responsibility



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 fulfils 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

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		
<u>Signed By: Duane Antoine</u> Chief	<u>Signed By: Brandon Favel</u> Councillor	
	<u>Signed By: Darwin Kasokeo</u> Councillor	

The accompanying notes are an integral part of these consolidated financial statements



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

The accompanying notes are an integral part of these consolidated financial statements



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

	<i>2018 Budget (Note 15)</i>	<i>2018 Actual</i>	<i>2017 Actual</i>
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:

	Investment cost	2018 Total investment
Nation Business Partnership – Modified Equity:		
Poundmaker Economic Development Holdings Limited Partnership	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:

	Balance 2017	Contributions received	Contributions utilized	Balance 2018
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	688,339	746,031
				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)
	<u>7,601,460</u>



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