



**Poundmaker Cree Nation  
Consolidated Financial Statements**  
*March 31, 2019*



## **Poundmaker Cree Nation Contents**

*For the year ended March 31, 2019*

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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 the external auditor. Chief and Council is also responsible for appointing the Nation's external auditor.

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 auditor has full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

July 22, 2019

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Signed By: Kristina Antoine

Management

## **Independent Auditor's Report**

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To the Members of Poundmaker Cree Nation:

### **Opinion**

We have audited the consolidated financial statements of Poundmaker Cree Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019, and the results of its consolidated operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Notes 10 and 11 to the consolidated financial statements which describe that Poundmaker Cree Nation entered into a Treaty Benefit Claim 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 loan if it is in excess of settlement proceeds.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Independent Auditor's Report

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Saskatoon, Saskatchewan  
July 22, 2019

**MNP LLP**  
Chartered Professional Accountants



**Poundmaker Cree Nation**  
**Consolidated Statement of Financial Position**  
As at March 31, 2019

	<b>2019</b>	<b>2018</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash	524,039	-
Restricted cash (Note 4)	425,544	533,818
Gravel inventory for sale	18,000	84,400
Accounts receivable (Note 5)	391,118	31,348
	1,358,701	649,566
<b>Investment in Nation business entity (Note 6)</b>	100	100
<b>Funds held in Ottawa Trust Fund (Note 7)</b>	169,339	71,493
<b>Restricted cash (Note 4)</b>	415,486	402,347
<b>Total financial assets</b>	<b>1,943,626</b>	1,123,506
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 8)	-	484,468
Accounts payable and accruals	683,869	767,010
Deferred revenue (Note 9)	1,198,832	946,818
Current portion of long-term debt (Note 10)	352,821	882,123
Term loan due on demand (Note 10)	-	110,000
	2,235,522	3,190,419
<b>Long-term debt (Note 10)</b>	<b>5,263,479</b>	3,825,917
<b>Total liabilities</b>	<b>7,499,001</b>	7,016,336
<b>Net debt</b>	<b>(5,555,375)</b>	(5,892,830)
<b>Contingent asset (Note 11)</b>		
<b>Contingent liability (Note 12)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 13)	27,565,618	27,120,895
Prepaid expenses	120,000	-
<b>Total non-financial assets</b>	<b>27,685,618</b>	27,120,895
<b>Accumulated surplus (Note 14)</b>	<b>22,130,243</b>	21,228,065

**Approved on behalf of Chief and Council**

Signed By: Duane Antoine

Chief

Signed By: Isobelle Weenie

Councillor

Signed By: Darwin Kasoeko

Councillor

Signed By: Brandon Favel



**Poundmaker Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2019*

	<b>2019 Budget (Note 17)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Revenues</b>			
Indigenous Services Canada (Note 20)	6,663,055	8,269,739	7,601,460
Gravel sales	-	993,255	418,128
First Nations Trust	412,000	545,381	550,208
Miscellaneous	306,119	435,352	685,983
Canada Mortgage and Housing Corporation	18,086	260,733	297,607
Lease	280,000	216,417	289,002
Annual Income Poundmaker Legacy Trust	-	193,122	-
Rental	24,840	175,455	191,794
Battlefords Agency Tribal Chiefs - CDC	105,310	135,107	64,700
Ottawa Trust Fund	145,000	132,167	270,258
Grants and proposal funding	335,950	76,197	130,461
Battle River Treaty 6 Health Centre Inc.	25,250	58,560	16,250
Province of Saskatchewan	-	10,301	-
Government of Canada	21,504	8,800	21,502
Battlefords Tribal Council	-	-	1,347
Royalties	-	-	307
	<b>8,337,114</b>	<b>11,510,586</b>	<b>10,539,007</b>
<b>Program expenses</b>			
Administration	1,082,432	1,222,176	1,109,115
Education	3,463,937	3,449,705	3,088,736
Social Development	2,133,162	1,693,277	1,896,466
Housing	233,380	859,008	833,530
Operations and Maintenance	613,518	1,102,888	1,060,996
Capital	-	384,083	95,104
Own Source	699,807	1,764,430	1,973,984
Other	803,627	622,139	361,239
<b>Total expenses</b>	<b>9,029,863</b>	<b>11,097,706</b>	<b>10,419,170</b>
<b>Surplus (deficit) before other items</b>	<b>(692,749)</b>	<b>412,880</b>	<b>119,837</b>
<b>Other items</b>			
Loss on disposal of tangible capital assets	-	(23,750)	(25,079)
Treaty Annuities settlement (Note 15)	-	4,828,055	-
Treaty Annuities expenses (Note 15)	-	(4,315,007)	-
	<b>-</b>	<b>489,298</b>	<b>(25,079)</b>
<b>Surplus (deficit)</b>	<b>(692,749)</b>	<b>902,178</b>	<b>94,758</b>
<b>Accumulated surplus, beginning of year</b>	<b>21,228,065</b>	<b>21,228,065</b>	<b>21,133,307</b>
<b>Accumulated surplus, end of year</b>	<b>20,535,316</b>	<b>22,130,243</b>	<b>21,228,065</b>

*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, 2019*

	<b>2019 Budget (Note 17)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Surplus (deficit)</b>	<b>(692,749)</b>	<b>902,178</b>	<b>94,758</b>
Purchases of tangible capital assets	-	(1,533,033)	(1,357,020)
Amortization of tangible capital assets	67,000	1,024,560	988,501
Loss on disposal of tangible capital assets	-	23,750	25,079
Proceeds on disposal of tangible capital assets	-	40,000	-
Use (acquisition) of prepaid expenses	-	(120,000)	32,851
	67,000	(564,723)	(310,589)
<b>Change in net debt</b>	<b>(625,749)</b>	<b>337,455</b>	<b>(215,831)</b>
<b>Net debt, beginning of year</b>	<b>(5,892,830)</b>	<b>(5,892,830)</b>	<b>(5,676,999)</b>
<b>Net debt, end of year</b>	<b>(6,518,579)</b>	<b>(5,555,375)</b>	<b>(5,892,830)</b>



**Poundmaker Cree Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	902,178	94,758
Non-cash items		
Amortization of tangible capital assets	1,024,560	988,501
Loss on disposal of tangible capital assets	23,750	25,079
	<b>1,950,488</b>	1,108,338
Changes in working capital accounts		
Gravel inventory for sale	66,400	(84,400)
Accounts receivable	(359,770)	82,101
Accounts payable and accruals	(83,141)	(93,902)
Deferred revenue	252,014	(1,298,768)
Use (acquisition) of prepaid expenses	(120,000)	32,851
	<b>1,705,991</b>	(253,780)
<b>Financing activities</b>		
Advances of long-term debt and term loan due on demand	1,935,459	1,363,408
Repayment of long-term debt	(1,137,199)	(531,915)
	<b>798,260</b>	831,493
<b>Capital activities</b>		
Purchases of tangible capital assets	(1,533,033)	(1,357,020)
Decrease (increase) in funds held in Ottawa Trust Fund	(97,846)	52,381
Proceeds on disposal of tangible capital assets	40,000	-
	<b>(1,590,879)</b>	(1,304,639)
<b>Investing activities</b>		
Decrease in restricted cash	95,135	613,509
<b>Increase (decrease) in cash resources</b>	<b>1,008,507</b>	(113,417)
<b>Cash deficiency, beginning of year</b>	<b>(484,468)</b>	(371,051)
<b>Cash resources (deficiency), end of year</b>	<b>524,039</b>	(484,468)
<b>Supplementary cash flow information</b>		
Interest paid	242,731	260,158



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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**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, 2018, the Nation adopted the recommendations relating to the following sections, as set out in the CPA Canada Public Sector Accounting Handbook.

- PS 3430 Restructuring Transactions

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 - consolidated***

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.

The Poundmaker Legacy Trust has not been consolidated as the Chief and Council do not control the Trust.

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 contributions 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.



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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

***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:

	<b>Method</b>	<b>Rate</b>
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, 2019*

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**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. Annual Income from the Poundmaker Legacy Trust is recognized when it becomes payable to the Nation under the terms of the Poundmaker Legacy Trust Agreement.

***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, 2019.

There are no known liabilities at March 31, 2019.

***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.



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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

**Segments**

The Nation conducts its business through 8 reportable segments (Note 18). 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.

**4. Restricted cash**

	<b>2019</b>	<b>2018</b>
<b>Current:</b>		
Capital projects	425,544	533,818
<b>Long-term:</b>		
CMHC Replacement Reserve	415,486	402,347
	<b>841,030</b>	<b>936,165</b>

**5. Accounts receivable**

	<b>2019</b>	<b>2018</b>
Indigenous Services Canada	360,622	-
CMHC	29,623	28,821
Members	25,005	386,425
Other	374	102,049
	<b>415,624</b>	<b>517,295</b>
Less: Allowance for doubtful accounts	24,506	485,947
	<b>391,118</b>	<b>31,348</b>

**6. Investment in Nation business entity**

The Nation has the following investment:

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

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, 2019.



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**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.

	<b>2019</b>	<b>2018</b>
<b>Capital Trust</b>		
Balance, beginning of year	65,909	120,270
Royalties	77,977	205,448
Withdrawals	(65,000)	(259,809)
Contributions from gravel sales	83,878	-
 Balance, end of year	 162,764	 65,909
 <b>Revenue Trust</b>	 	 
Balance, beginning of year	5,584	3,604
Lease	54,897	64,810
Withdrawals	(53,906)	(62,830)
 Balance, end of year	 6,575	 5,584
	 169,339	 71,493

**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, 2019, \$nil (2018 - \$145,642) 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 2018</i>	<i>Contributions received</i>	<i>Contributions utilized</i>	<i>Balance 2019</i>
ISC capital projects	681,146	1,601,568	1,405,088	877,626
Land leases	265,672	271,951	216,417	321,206
	946,818	1,873,519	1,621,505	1,198,832



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**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>2019</u>	<u>2018</u>
I	1,622	1.11%	1-Apr-21	132,552	150,442
II	2,826	1.97%	1-Dec-24	262,934	291,388
III	1,244	1.86%	1-Apr-19	137,171	149,388
IV	1,279	1.37%	1-Jul-20	158,846	171,924
V	6,211	2.35%	1-May-19	<u>629,283</u>	<u>688,339</u>
				<b>1,320,786</b>	<b>1,451,481</b>
RBC consolidation loan, repayable in quarterly instalments of \$109,154 including interest at Royal Bank prime plus 2.5%, maturing February 1, 2029, secured by preferred security interest in property, all revenues due from First Nations Trust, and funds due from ISC				<b>3,199,506</b>	-
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 11)				<b>926,686</b>	861,496
John Deere lease, repayable in monthly instalments of \$1,697 including interest at 8.89%, maturing May 25, 2023, secured by equipment with a net book value of \$77,805				<b>70,700</b>	-
Brandt Finance purchase financing, repayable in monthly instalments of \$2,739 including interest at 8.5% for 7 months per year and \$250 including interest for 5 months per year, maturing October 1, 2022, secured by equipment with a net book value of \$61,250				<b>69,349</b>	-
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				<b>29,273</b>	46,824
RBC term loans, consolidated during the year				-	1,835,191
RBC Treaty Annuities term loan, repaid during the year				-	513,048
Innovation Credit Union term loan, repaid during the year				-	110,000
				<b>5,616,300</b>	4,818,040
Less: term loan due on demand				-	110,000
Less: current portion				<b>352,821</b>	882,123
				<b>5,263,479</b>	3,825,917



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

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**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:

2020	352,821
2021	426,971
2022	437,706
2023	1,386,666
2024	446,926

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, 2019, the Nation is in compliance with all such covenants.

**11. Contingent asset**

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

As of March 31, 2019, expenses for the Treaty Benefit Claim of \$926,686 (2018 - \$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.

**12. Contingent liability**

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**13. Tangible capital assets**

**For the year ended March 31, 2019**

	Cost				Accumulated Amortization				2019 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	832,545	-	-	-	832,545	164,171	27,724	-	191,895	640,650
Buildings	15,289,523	-	-	-	15,289,523	10,590,338	416,251	-	11,006,589	4,282,934
CMHC Housing	4,499,233	-	-	-	4,499,233	2,322,123	179,969	-	2,502,092	1,997,141
Vehicles and Equipment	827,688	329,018	(85,000)	-	1,071,706	585,686	78,018	(21,250)	642,454	429,252
Computer Equipment	136,601	-	-	-	136,601	115,309	8,517	-	123,826	12,775
Roads	2,321,955	102,522	-	867,306	3,291,783	1,130,571	70,171	-	1,200,742	2,091,041
Infrastructure	12,195,509	-	-	-	12,195,509	1,491,198	243,910	-	1,735,108	10,460,401
Assets Under Construction	890,456	1,101,493	-	(867,306)	1,124,643	-	-	-	-	1,124,643
	43,520,291	1,533,033	(85,000)	-	44,968,324	16,399,396	1,024,560	(21,250)	17,402,706	27,565,618

**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

Tangible capital assets includes equipment under capital lease with a gross cost of \$151,900 (2018 - \$nil) and accumulated amortization of \$12,845 (2018 - \$nil).



**Poundmaker Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**14. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2019</b>	<b>2018</b>
Operating	(3,716,295)	(3,918,311)
Capital assets	24,993,183	24,378,733
CMHC operating reserve	46,488	86,281
CMHC replacement reserve	637,528	609,869
Ottawa Trust Fund	169,339	71,493
	<b>22,130,243</b>	21,228,065

At March 31, 2019, a cumulative \$926,686 (2018 - \$861,496) of costs incurred for the Treaty Benefits Claim has increased the operating deficit as disclosed in Note 11. An additional \$150,000 was disbursed under this loan to the Nation to cover other costs for negotiating the Claim. At March 31, 2018 a cumulative \$513,048 of costs incurred for the Treaty Annuities Claim had increased the operating deficit.

**15. Treaty Annuities Claim**

During the year, the Government of Canada made a settlement offer of \$4,828,055 for the full and final settlement of the Poundmaker Treaty Annuities Claim. The settlement and the Poundmaker Legacy Trust Agreement were approved by Chief and Council and ratified by the Members of Poundmaker Cree Nation during the 2019 fiscal year.

The following amounts are presented in the 2019 consolidated financial statements as revenues and expenses in other items as a result of this settlement and ratification of the Trust Agreement:

- \$4,828,055 - Treaty Annuities settlement (revenue)
- \$2,686,149 - net contribution to Poundmaker Legacy Trust (expense)
- \$900,000 - per capita distribution - \$500 per member (expense)
- \$583,414 - legal fees - (expense)
- \$145,444 - insurance (expense)

In addition, settlement proceeds of \$513,048 were used to repay the term loan with Royal Bank (prior year legal fees and insurance). The Nation also received \$172,834 reimbursement of legal fees which has been presented as a professional fees recovery in the Own Source segment.

**16. 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, 2019*

**17. Budget information**

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
<b>Consolidated Statement of Operations and Accumulated Surplus</b>			
Revenues	8,322,114	15,000	<b>8,337,114</b>
Expenses	8,969,863	60,000	<b>9,029,863</b>
Deficit	(647,749)	(45,000)	<b>(692,749)</b>
<b>Consolidated Statement of Changes in Net Debt</b>			
Annual deficit	(647,749)	(45,000)	<b>(692,749)</b>
Amortization of tangible capital assets	67,000	-	<b>67,000</b>
Change in net debt	(580,749)	(45,000)	<b>(625,749)</b>
Net debt, beginning of year	(5,892,830)	-	<b>(5,892,830)</b>
Adjusted net debt	(6,473,579)	(45,000)	<b>(6,518,579)</b>

**18. 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 other band programs.

**19. Treaty obligation**

Poundmaker Cree Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of Treaties entered into with Her Majesty the Queen. 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, 2019*

**20. Indigenous Services Canada Reconciliation**

ISC funding per confirmation	13,518,823
Add:    Deferred revenue, beginning	681,146
Jordan's Principle reconciliation	5,000
Band employee benefits reconciliation	29,054
Deduct:    Deferred revenue, ending	(640,046)
Basic Needs payable that will not be received	(240,000)
Treaty Annuities settlement	(4,828,055)
Institutional care recovery	(2,561)
Institutional Care-Co-Pmt recognized in prior year	(1)
CPP & Pension recognized in prior year	(834)
Transfer Station Capital Projects revenue not received	(237,580)
Overpaid recoveries	(15,207)
	<hr/>
	8,269,739

**21. Comparative figures**

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



**Poundmaker Cree Nation**  
**Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2019*

	<b>2019 Budget (Note 17)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Salaries and benefits	3,139,104	3,090,043	2,967,437
Social assistance	1,729,048	1,207,226	1,436,361
Amortization of tangible capital assets	67,000	1,024,560	988,501
Contracted services	640,409	873,593	735,083
Repairs and maintenance	481,895	870,202	559,165
Program	592,631	745,912	466,203
Student	672,858	699,821	490,011
Meetings and travel	214,532	366,962	214,211
Professional fees (Note 15)	347,167	350,345	691,765
Supplies	272,642	324,250	198,945
Membership assistance	158,272	316,769	144,688
Gravel production costs	-	267,050	159,435
Per capita distribution	116,000	245,350	246,750
Utilities and telephone	177,712	238,210	211,977
Interest on long-term debt	153,142	218,724	157,081
Equipment	70,540	104,109	120,730
Insurance	33,327	74,216	473,966
Training	54,667	31,277	3,083
Rent	37,000	26,327	60,956
Bank charges and interest	22,266	24,007	38,115
Service fees	56,412	20,144	72,658
Land taxes	-	3,000	-
Capital projects	6,520	-	-
Administration	(15,081)	(2,880)	(2,716)
Reimbursements	1,800	(7,228)	(26,373)
Bad debts (recovery)	-	(14,283)	11,138
	<b>9,029,863</b>	<b>11,097,706</b>	<b>10,419,170</b>



**Poundmaker Cree Nation**  
**Administration**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	893,071	654,556
Canada Mortgage and Housing Corporation	22,920	66,429
Miscellaneous	12,014	27,584
Province of Saskatchewan	10,301	-
Rental	-	12,500
	<b>938,306</b>	761,069
<b>Expenses</b>		
Salaries and benefits	747,282	676,696
Professional fees	270,053	224,084
Meetings and travel	141,400	92,045
Utilities and telephone	69,952	40,794
Repairs and maintenance	62,852	56,300
Amortization of tangible capital assets	57,962	63,830
Interest on long-term debt	53,694	44,692
Supplies	36,001	23,917
Equipment	31,336	45,818
Training	23,617	2,952
Bank charges and interest	10,797	23,528
Service fees	7,655	9,995
Contracted services	7,385	12,410
Insurance	4,691	10,456
Program	171	5,834
Membership assistance	-	511
Reimbursements	(2,663)	(6,143)
Bad debts (recovery)	(23,188)	28,400
Administration	(276,821)	(247,004)
	<b>1,222,176</b>	1,109,115
<b>Deficit</b>	<b>(283,870)</b>	(348,046)



**Poundmaker Cree Nation**  
**Education**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	3,122,014	2,946,163
Miscellaneous	14,211	45,372
	<b>3,136,225</b>	2,991,535
 <b>Expenses</b>		
Salaries and benefits	1,914,053	1,839,114
Student	699,071	490,011
Contracted services	283,204	272,366
Administration	194,640	185,356
Program	67,896	49,577
Supplies	67,312	61,471
Amortization of tangible capital assets	58,583	60,867
Utilities and telephone	52,717	41,265
Meetings and travel	51,255	41,958
Equipment	46,244	20,096
Repairs and maintenance	6,267	12,080
Training	5,792	131
Insurance	3,651	1,770
Professional fees	-	10,600
Bank charges and interest	-	568
Service fees	(205)	1,562
Reimbursements	(775)	(56)
	<b>3,449,705</b>	3,088,736
 <b>Deficit</b>	<b>(313,480)</b>	(97,201)



**Poundmaker Cree Nation**  
**Social Development**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	1,825,226	1,951,891
Battle River Treaty 6 Health Centre Inc.	23,587	16,250
Miscellaneous	-	20,445
Battlefords Tribal Council	-	1,347
	<b>1,848,813</b>	1,989,933
<b>Expenses</b>		
Social assistance	1,207,226	1,436,361
Program	151,630	129,063
Salaries and benefits	140,044	149,043
Supplies	67,775	16,645
Service fees	35,931	35,931
Utilities and telephone	28,881	26,201
Administration	22,673	30,924
Membership assistance	16,758	17,502
Meetings and travel	12,636	12,924
Bank charges and interest	4,861	6,253
Contracted services	2,483	-
Equipment	2,286	28,171
Repairs and maintenance	93	-
Rent	-	5,000
Professional fees	-	5,000
Reimbursements	-	(2,552)
	<b>1,693,277</b>	1,896,466
<b>Surplus</b>	<b>155,536</b>	93,467



**Poundmaker Cree Nation**  
**Housing**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	80,303	490,259
Canada Mortgage and Housing Corporation	237,813	231,178
Rental	175,455	179,294
Miscellaneous	35,653	17,826
	<b>529,224</b>	918,557
<b>Expenses</b>		
Amortization of tangible capital assets	455,900	434,670
Repairs and maintenance	214,013	257,216
Supplies	55,793	8,427
Insurance	42,272	34,586
Interest on long-term debt	27,530	29,451
Contracted services	23,995	1,219
Administration	22,560	22,560
Professional fees	14,975	11,317
Utilities and telephone	1,306	3,707
Meetings and travel	611	4,239
Bank charges and interest	53	198
Salaries and benefits	-	25,750
Equipment	-	190
	<b>859,008</b>	833,530
<b>Surplus (deficit)</b>	<b>(329,784)</b>	85,027



**Poundmaker Cree Nation**  
**Operations and Maintenance**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	398,027	412,006
Miscellaneous	1,785	25,000
	<b>399,812</b>	437,006
<b>Expenses</b>		
Amortization of tangible capital assets	355,051	332,111
Contracted services	238,144	260,251
Repairs and maintenance	216,413	195,879
Salaries and benefits	151,920	121,112
Utilities and telephone	77,837	94,646
Supplies	32,412	35,635
Meetings and travel	12,655	328
Insurance	11,656	10,581
Equipment	6,650	9,815
Program	150	-
Professional fees	-	17,127
Reimbursements	-	(16,489)
	<b>1,102,888</b>	1,060,996
<b>Deficit</b>	<b>(703,076)</b>	(623,990)



**Poundmaker Cree Nation  
Capital  
Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	1,384,141	1,072,917
Miscellaneous	3,842	6,882
	<b>1,387,983</b>	1,079,799
<b>Expenses</b>		
Repairs and maintenance	287,129	-
Amortization of tangible capital assets	62,499	60,909
Contracted services	34,455	34,195
	<b>384,083</b>	95,104
<b>Surplus</b>	<b>1,003,900</b>	984,695



**Poundmaker Cree Nation**  
**Own Source**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	-	9,600
Gravel sales	993,255	418,128
First Nations Trust	545,381	485,208
Miscellaneous	367,847	539,874
Lease	216,417	289,002
Annual Income Poundmaker Legacy Trust	193,122	-
Battlefords Agency Tribal Chiefs - CDC	135,107	64,700
Battle River Treaty 6 Health Centre Inc.	34,973	-
Grants and proposal funding	12,500	12,500
Royalties	-	307
	<b>2,498,602</b>	1,819,319
<b>Expenses</b>		
Gravel production costs	482,161	159,435
Program	307,997	210,003
Per capita distribution	245,350	246,750
Contracted services	195,633	80,451
Interest on long-term debt	137,500	81,638
Salaries and benefits	135,182	115,220
Membership assistance	101,426	42,979
Meetings and travel	85,648	60,873
Amortization of tangible capital assets	26,950	28,500
Rent	26,327	55,956
Repairs and maintenance	24,571	28,224
Supplies	23,483	26,425
Equipment	13,197	1,583
Insurance	11,286	416,167
Bank charges and interest	8,296	7,568
Utilities and telephone	3,960	2,400
Administration	3,800	3,300
Land taxes	3,000	-
Training	1,868	-
Student	750	-
Bad debts (recovery)	(22)	(17,262)
Reimbursements	(3,040)	(1,133)
Service fees	(23,237)	25,170
Professional fees (recovery) (Note 15)	(47,656)	399,737
	<b>1,764,430</b>	1,973,984
<b>Surplus (deficit) before other items</b>	<b>734,172</b>	(154,665)
<b>Other items</b>		
Loss on disposal of tangible capital assets	(23,750)	(25,079)
Treaty Annuities settlement (Note 15)	4,828,055	-
Treaty Annuities expenses (Note 15)	(4,315,007)	-
	<b>489,298</b>	(25,079)
<b>Surplus (deficit)</b>	<b>1,223,470</b>	(179,744)



**Poundmaker Cree Nation**  
**Other**  
**Schedule of Segment Revenues and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Indigenous Services Canada	566,957	64,068
Ottawa Trust Fund	132,167	270,258
Grants and proposal funding	63,697	117,961
Government of Canada	8,800	21,502
First Nations Trust	-	65,000
Miscellaneous	-	3,000
	<b>771,621</b>	<b>541,789</b>
<b>Expenses</b>		
Program	218,068	71,726
Membership assistance	198,585	83,696
Professional fees	112,973	23,900
Contracted services	88,294	74,191
Meetings and travel	62,757	1,844
Repairs and maintenance	58,864	9,466
Supplies	41,474	26,425
Administration	30,268	2,148
Bad debts (recovery)	8,927	-
Amortization of tangible capital assets	7,615	7,614
Equipment	4,396	15,057
Utilities and telephone	3,557	2,964
Salaries and benefits	1,562	40,502
Insurance	660	406
Interest on long-term debt	-	1,300
Reimbursements	(750)	-
Gravel production costs (royalty recovery)	(215,111)	-
	<b>622,139</b>	<b>361,239</b>
<b>Surplus</b>	<b>149,482</b>	<b>180,550</b>