



Poundmaker Cree Nation
Consolidated Financial Statements
March 31, 2020



Poundmaker Cree Nation

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For the year ended March 31, 2020

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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 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.

October 27, 2020

Signed by: Marvina Pete

Management

Independent Auditor's Report

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, 2020, 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 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, 2020, 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 11 and 12 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 *(continued from previous page)*

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

October 27, 2020

MNP LLP

Chartered Professional Accountants



Poundmaker Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Current		
Cash	-	524,039
Restricted cash (Note 4)	159,576	425,544
Accounts receivable (Note 5)	118,463	391,118
Gravel inventory for sale	-	18,000
Due from related party (Note 6)	55,217	-
	333,256	1,358,701
Restricted cash (Note 4)	317,669	415,486
Investment in Nation business entities (Note 7)	361,377	100
Funds held in Ottawa Trust Fund (Note 8)	70,719	169,339
Total financial assets	1,083,021	1,943,626
Liabilities		
Current		
Bank indebtedness (Note 9)	572,829	-
Accounts payable and accruals	818,922	683,869
Deferred revenue (Note 10)	974,122	1,198,832
Due to related party (Note 6)	72,500	-
Current portion of long-term debt (Note 11)	552,686	352,821
	2,991,059	2,235,522
Long-term debt (Note 11)	6,028,950	5,263,479
Total liabilities	9,020,009	7,499,001
Net debt	(7,936,988)	(5,555,375)
Contingent asset (Note 12)		
Contingent liability (Note 13)		
Non-financial assets		
Tangible capital assets (Note 14)	28,763,663	27,565,618
Prepaid expenses	80,000	120,000
Total non-financial assets	28,843,663	27,685,618
Accumulated surplus (Note 15)	20,906,675	22,130,243

Approved on behalf of Chief and Council

Signed by: Duane Antoine _____ **Chief**

Signed by: Darwin Kasokeo _____ **Councillor**

Signed by: Brandon Favel _____ **Councillor**

Signed by: Marlene Chickeness

Signed by: Bryan Tootosis



Poundmaker Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	2020 Budget (Note 17)	2020 Actual	2019 Actual
Revenues			
Indigenous Services Canada (Note 20)	10,967,326	9,801,156	8,269,739
Miscellaneous	616,970	659,954	402,905
First Nations Trust	540,000	542,215	545,381
Lease	100,000	288,212	216,417
Canada Mortgage and Housing Corporation	18,086	223,616	260,733
Rental	-	166,485	175,455
Ottawa Trust Fund	284,000	162,475	132,167
Annual Income Poundmaker Legacy Trust	266,573	146,573	193,122
Retail sales - meat shop	-	107,649	32,447
Government of Canada	23,768	23,768	8,800
Battle River Treaty 6 Health Centre Inc.	25,500	15,125	58,560
Grants and proposal funding	26,630	5,000	76,197
Battlefords Agency Tribal Council - CDC	105,310	1,827	135,107
Gravel sales	-	-	993,255
Province of Saskatchewan	-	-	10,301
Loss from investment in Nation business entities (Note 7)	-	(67,548)	-
	12,974,163	12,076,507	11,510,586
Program expenses			
Administration	1,116,234	1,342,996	1,222,176
Education	3,888,299	4,092,634	3,449,705
Social Development	2,265,562	2,225,634	1,693,277
Housing	1,138,735	1,043,705	859,008
Operations and Maintenance	587,161	1,080,484	1,102,888
Capital	19,957	108,963	384,083
Own Source	1,598,608	2,193,677	1,764,430
Other	1,276,282	1,308,692	622,139
Total expenses	11,890,838	13,396,785	11,097,706
Surplus (deficit) before other items	1,083,325	(1,320,278)	412,880
Other items			
Gain (loss) on disposal of tangible capital assets	-	96,710	(23,750)
Treaty Annuities settlement	-	-	4,828,055
Treaty Annuities expenses	-	-	(4,315,007)
	-	96,710	489,298
Surplus (deficit)	1,083,325	(1,223,568)	902,178
Accumulated surplus, beginning of year	22,130,243	22,130,243	21,228,065
Accumulated surplus, end of year	23,213,568	20,906,675	22,130,243

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, 2020

	<i>2020 Budget (Note 17)</i>	<i>2020 Actual</i>	<i>2019 Actual</i>
Surplus (deficit)	1,083,325	(1,223,568)	902,178
Purchases of tangible capital assets	-	(2,439,347)	(1,533,033)
Amortization of tangible capital assets	-	1,028,912	1,024,560
Loss (gain) on disposal of tangible capital assets	-	(96,710)	23,750
Proceeds on disposal of tangible capital assets	-	122,550	40,000
Change in reporting entity (Note 3)	-	186,550	-
Use (acquisition) of prepaid expenses	-	40,000	(120,000)
	-	(1,158,045)	(564,723)
Change in net debt	1,083,325	(2,381,613)	337,455
Net debt, beginning of year	(5,555,375)	(5,555,375)	(5,892,830)
Net debt, end of year	(4,472,050)	(7,936,988)	(5,555,375)



Poundmaker Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(1,223,568)	902,178
Non-cash items		
Amortization of tangible capital assets	1,028,912	1,024,560
Loss (gain) on disposal of tangible capital assets	(96,710)	23,750
Loss from investment in Nation business entities (Note 7)	67,548	-
	(223,818)	1,950,488
Changes in working capital accounts		
Gravel inventory for sale	-	66,400
Accounts receivable	272,655	(359,770)
Accounts payable and accruals	168,019	(83,141)
Deferred revenue	(224,710)	252,014
Use (acquisition) of prepaid expenses	40,000	(120,000)
	32,146	1,705,991
Financing activities		
Advances of long-term debt and term loan due on demand	1,423,977	1,935,459
Repayment of long-term debt	(389,292)	(1,137,199)
Due to related party	67,909	-
	1,102,594	798,260
Capital activities		
Purchases of tangible capital assets	(2,439,347)	(1,533,033)
Decrease (increase) in funds held in Ottawa Trust Fund	98,620	(97,846)
Proceeds on disposal of tangible capital assets	122,550	40,000
	(2,218,177)	(1,590,879)
Investing activities		
Investment in Nation business entity (Note 7)	(300,000)	-
Decrease in restricted cash	363,785	95,135
Change in reporting entity	(21,999)	-
Due from related party	(55,217)	-
	(13,431)	95,135
Increase (decrease) in cash resources	(1,096,868)	1,008,507
Cash resources (deficiency), beginning of year	524,039	(484,468)
Cash resources (deficiency), end of year	(572,829)	524,039
Supplementary cash flow information		
Interest paid	227,873	242,731



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

1. Operations

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

2. Significant accounting policies

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

Reporting entity - 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 Royalty Corporation
- Poundmaker Treaty Land Entitlement Trust
- West Arrow Development Corp.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

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
- Kanatinak Store 2 Inc.
- 101119042 Saskatchewan Ltd.

Basis of presentation

Sources of revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

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



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Significant accounting policies (Continued from previous page)

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.

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.



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

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 sales 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, 2020.

There are no known liabilities at March 31, 2020.

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

Segments

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



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

3. Change in reporting entity

During the year, it was determined that 101119042 Saskatchewan Ltd. would be able to maintain operations from its own resources, and therefore is no longer dependent on the Nation for continuing operations. As the entity is self-sustaining, it now meets all requirements to be considered a business enterprise.

Previously, the assets, liabilities, revenues and expenses of this entity were consolidated on a line-by-line basis in the Nation's financial statements. The entity is now recorded using the modified equity method and is included in investment in Nation business entities in the Consolidated Statement of Financial Position. The effect of the Nation as of April 1, 2019 is the elimination of the following balances:

Cash	21,999
Gravel inventory for sale	18,000
Tangible capital assets	186,550
Accounts payable and accruals	(28,375)
Long-term debt	(69,349)

At April 1, 2019 Investments in Nation business entities increased by \$128,825.

4. Restricted cash

	2020	2019
Current:		
Capital projects	159,576	425,544
Long-term:		
CMHC Replacement Reserve	317,669	415,486
	477,245	841,030

5. Accounts receivable

	2020	2019
Members	106,743	25,005
Other	21,511	374
Indigenous Services Canada	14,820	360,622
CMHC	11,266	29,623
	154,340	415,624
Less: Allowance for doubtful accounts	35,877	24,506
	118,463	391,118

6. Due from (to) related party

	2020	2019
Due from Kanatinak Store 2 Inc.	55,217	-
	72,500	-

The amounts due from (to) related parties are non-interest bearing, unsecured, and have no terms of repayment. Kanatinak Store 2 Inc. and 101119042 Saskatchewan Ltd. are owned by the Nation.



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

7. Investment in Nation business entities

The Nation has investments in the following entities:

	<i>March 31, 2019</i>	<i>Change in reporting entity</i>	<i>Contributions</i>	<i>Net income (loss)</i>	<i>March 31, 2020</i>
Kanatinak Store 2 Inc.	-	-	300,000	28,797	328,797
101119042 Saskatchewan Ltd.	-	128,825	-	(96,345)	32,480
Poundmaker Economic Development Holdings Limited Partnership	100	-	-	-	100
	100	128,825	300,000	(67,548)	361,377

Summary financial information for each Nation business partnership, accounted for using the modified equity method, is as follows:

	<i>Kanatinak Store 2 Inc. As at March 31, 2020</i>	<i>101119042 Saskatchewan Ltd. As at March 31, 2020</i>	<i>Poundmaker Economic Development Holdings Limited Partnership As at March 31, 2020</i>
Assets			
Current	179,444	206,117	100
Long-term	270,000	1,492,225	-
Total assets	449,444	1,698,342	100
Liabilities			
Current	120,647	614,323	-
Long-term	-	1,051,539	-
Total liabilities	120,647	1,665,862	-
Net assets	328,797	32,480	100
Total revenues	1,546,411	315,385	-
Total expenses	1,517,614	411,730	-
Comprehensive income	28,797	(96,345)	-

Principal repayments on long-term debt of the Nation's business in each of the next five years assuming long-term debt subject to refinancing is renewed at same or similar term, are estimated as follows:

	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Thereafter</i>	<i>Total</i>
101119042 Saskatchewan Ltd.	131,049	138,911	147,246	156,080	165,446	304,418	1,043,150

The Nation has guaranteed the following debt on behalf of its Nation business enterprise:

101119042 Saskatchewan Ltd. has the following long-term debt which the Nation has issued a guarantee for repayment:

- Innovation Credit Union loan of \$1,043,150 bearing interest at 5.50% per annum, repayable in blended annual payments of \$197,049, due for renewal in September 2030.



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

7. Investment in Nation business entities *(Continued from previous page)*

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, 2020.

8. Funds held in Ottawa Trust Fund

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

	2020	2019
Capital Trust		
Balance, beginning of year	162,764	65,909
Royalties	107,871	77,977
Withdrawals	(220,000)	(65,000)
Contributions from gravel sales	-	83,878
Balance, end of year	50,635	162,764
Revenue Trust		
Balance, beginning of year	6,575	5,584
Lease and interest revenues	54,604	54,897
Withdrawals	(41,095)	(53,906)
Balance, end of year	20,084	6,575
	70,719	169,339

9. 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, 2020, \$325,000 (2019 - \$nil) has been drawn. The operating line is secured by a general security agreement and a Band Council Resolution. The difference between bank indebtedness and the line of credit is the result of outstanding cheques.

10. Deferred revenue

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

	Balance 2019	Contributions received	Contributions utilized	Balance 2020
ISC - Cultural and Recreational	49,985	-	49,985	-
ISC - Flood Recovery	104,974	-	33,447	71,527
ISC - Transfer Station	657,208	-	421,121	236,087
ISC - School Assessment	65,459	-	10,492	54,967
ISC - A&C Water	-	200,000	-	200,000
ISC - Awareness Raising	-	3,000	-	3,000
Land leases	321,206	375,547	288,212	408,541
	1,198,832	578,547	803,257	974,122



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

11. 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>2020</u>	<u>2019</u>
I	1,622	1.11%	1-Apr-21	114,465	132,552
II	2,826	1.97%	1-Dec-22	209,530	262,934
III	1,244	1.86%	1-Apr-24	124,691	137,171
IV	1,279	1.37%	1-Jul-20	145,592	158,846
V	6,078	2.35%	1-May-24	567,807	629,283
				1,162,085	1,320,786
RBC consolidation term 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				3,028,592	3,199,506
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)				985,579	926,686
RBC term loan, repayable in annual instalments of \$59,882 including interest at 3.95%, maturing April 2, 2044, secured by a Poundmaker Legacy Trust guarantee and a general security agreement				940,000	-
RBC term loan, repayable in annual instalments of \$15,317 including interest at 4.81%, maturing April 2, 2044, secured by a Poundmaker Legacy Trust guarantee and a general security agreement				220,000	-
Canada Mortgage and Housing Corporation Phase VI loan advances				88,100	-
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 \$69,615				56,031	70,700
RBC loan, repayable in monthly instalments of \$1,196 including interest at 6.99%, maturing February 2, 2024, secured by a vehicle with a net book value of \$61,692				49,040	-
RBC loan, repayable in monthly instalments of \$1,158 including interest at 6.99%, maturing July 23, 2023, secured by a vehicle with a net book value of \$45,961				41,222	-
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				10,987	29,273
Brandt Finance purchase financing. Relates to 101119042 Saskatchewan Ltd. See change in reporting entity (Note 3)				-	69,349
				6,581,636	5,616,300
Less: current portion				552,686	352,821
				6,028,950	5,263,479



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

11. 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:

2021	552,686
2022	473,806
2023	1,483,466
2024	495,684
2025	498,565

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, 2020, the Nation is not in compliance with RBC's requirement of audited financial statements within 150 days of fiscal year-end.

12. Contingent asset

In 2018, 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, 2020, expenses for the Treaty Benefit Claim of \$985,579 (2019 - \$926,686) have been incurred and available financing drawn (Note 11). 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. Contingent liability

Funding

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.

Loan Guarantee

The Nation has guaranteed the long-term debt of 101119042 Saskatchewan Ltd. (Note 7).



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Tangible capital assets

For the year ended March 31, 2020

	Cost					Accumulated Amortization					2020 Net book value
	Opening balance	Additions	Disposals	Reclass / reporting change	Ending balance	Opening balance	Current amortization	Amortization on disposals	Reporting change	Ending balance	
Land	6,526,781	-	-	-	6,526,781	-	-	-	-	-	6,526,781
Land Improvements	832,545	-	-	-	832,545	191,895	27,724	-	-	219,619	612,926
Buildings	15,289,523	170,000	-	-	15,459,523	11,006,589	414,885	-	-	11,421,474	4,038,049
CMHC Housing	4,499,233	-	(80,757)	-	4,418,476	2,502,092	176,739	(54,917)	-	2,623,914	1,794,562
Vehicles and Equipment	1,071,706	281,317	-	(236,000)	1,117,023	642,454	74,132	-	(49,450)	667,136	449,887
Computer Equipment	136,601	-	-	-	136,601	123,826	8,517	-	-	132,343	4,258
Roads	3,291,783	33,710	-	23,150	3,348,643	1,200,742	83,005	-	-	1,283,747	2,064,896
Infrastructure	12,195,509	-	-	-	12,195,509	1,735,108	243,910	-	-	1,979,018	10,216,491
Assets Under Construction	1,124,643	1,954,320	-	(23,150)	3,055,813	-	-	-	-	-	3,055,813
	44,968,324	2,439,347	(80,757)	(236,000)	47,090,914	17,402,706	1,028,912	(54,917)	(49,450)	18,327,251	28,763,663

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	Reporting change	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

Tangible capital assets includes equipment under capital lease with a gross cost of \$81,900 (2019 - \$151,900) and accumulated amortization of \$12,285 (2019 - \$12,845).

Shown as a reporting change is the removal of the assets of 101119042 Saskatchewan Ltd with a net book value of \$186,550 (Note 3).



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

15. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Operating	(5,351,132)	(3,716,395)
Capital assets	25,171,688	24,993,183
Investments	361,377	100
CMHC operating reserve	(1,371)	46,488
CMHC replacement reserve	655,394	637,528
Ottawa Trust Fund	70,719	169,339
	20,906,675	22,130,243

At March 31, 2020, a cumulative \$985,579 (2019 - \$926,686) of costs incurred for the Treaty Benefits Claim has increased the operating deficit as disclosed in Note 12. An additional \$nil (2019 - \$150,000) was disbursed under this loan to the Nation to cover other costs for negotiating the Claim.

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.
- Investment Fund reports on investments 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, 2020

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 net transfers in of \$675,500 which was eliminated as transfers should net to \$nil in a consolidated budget.

	Approved fiscal plan	Adjustments	Fiscal plan per consolidated financial statements
Consolidated Statement of Operations and Accumulated Surplus			
Revenues	13,649,663	(675,500)	12,974,163
Expenses	11,890,838	-	11,890,838
Surplus	1,758,825	(675,500)	1,083,325
Consolidated Statement of Changes in Net Debt			
Annual surplus	1,758,825	(675,500)	1,083,325
Change in net debt	1,758,825	(675,500)	1,083,325
Net debt, beginning of year	(5,555,375)	-	(5,555,375)
Adjusted net debt	(3,796,550)	(675,500)	(4,472,050)

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. 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 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, 2020

20. Indigenous Services Canada Reconciliation

ISC funding per confirmation	9,555,354
Add: Deferred revenue, beginning	877,626
Deduct: Deferred revenue, ending	(565,581)
Basic Needs recovery & reconciliation	(37,189)
Band Employee benefits reconciliation recorded in prior year revenues	(29,054)
	<u>9,801,156</u>

21. Comparative figures

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

22. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on the Nation due to restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations, and isolation/quarantine orders. The Nation has been impacted by office closures, travel restrictions, cancellation of events and increased costs of compliance with other guidelines and regulation.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, it is expected that future funding from First Nations Trust will be negatively impacted by the pandemic due to the temporary closure of SIGA casinos. Funding from Indigenous Services Canada has been received to cover some of the additional costs associated with the pandemic.



Poundmaker Cree Nation
Schedule of Consolidated Expenses by Object
For the year ended March 31, 2020

	2020	2019
Salaries and benefits	3,761,632	3,090,043
Program	1,693,917	745,912
Contracted services	1,340,186	873,593
Social assistance	1,259,884	1,207,226
Amortization of tangible capital assets	1,028,912	1,024,560
Repairs and maintenance	675,423	870,202
Student	557,558	699,821
Meetings and travel	552,752	366,962
Professional fees	478,093	350,345
Membership assistance	453,751	316,769
Supplies	440,442	324,250
Interest on long-term debt	322,808	218,724
Utilities and telephone	255,933	238,210
Per capita distribution	249,400	245,350
Training	119,692	31,277
Equipment	106,829	104,109
Insurance	73,825	74,216
Bank charges and interest	48,024	24,007
Retail cost of sales - meat shop	47,403	-
Service fees	45,123	20,144
Rent	25,250	26,327
Bad debts (recovery)	12,534	(14,283)
Administration	6,036	(2,880)
Land taxes	-	3,000
Gravel production costs	(11,096)	267,050
Reimbursements	(147,526)	(7,228)
	13,396,785	11,097,706



Poundmaker Cree Nation
Administration
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	911,706	893,071
Miscellaneous	1,948	12,014
Canada Mortgage and Housing Corporation	-	22,920
Province of Saskatchewan	-	10,301
	913,654	938,306
Expenses		
Salaries and benefits	782,145	747,282
Professional fees	265,307	270,053
Meetings and travel	258,447	141,400
Repairs and maintenance	84,195	62,852
Contracted services	62,778	7,385
Amortization of tangible capital assets	56,450	57,962
Utilities and telephone	54,388	69,952
Equipment	46,312	31,336
Training	36,848	23,617
Bank charges and interest	29,731	10,797
Supplies	26,753	36,001
Insurance	15,701	4,691
Bad debts (recovery)	12,534	(23,188)
Interest on long-term debt	8,844	53,694
Service fees	4,175	7,655
Program	3,779	171
Reimbursements	(135,300)	(2,663)
Administration	(270,091)	(276,821)
	1,342,996	1,222,176
Deficit	(429,342)	(283,870)



Poundmaker Cree Nation
Education
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	4,176,612	3,122,014
Miscellaneous	8,808	14,211
	4,185,420	3,136,225
Expenses		
Salaries and benefits	2,081,733	1,914,053
Contracted services	570,197	283,204
Student	557,058	699,071
Program	352,494	67,896
Administration	183,169	194,640
Meetings and travel	66,310	51,255
Amortization of tangible capital assets	62,138	58,583
Supplies	59,615	67,312
Equipment	52,156	46,244
Utilities and telephone	46,840	52,717
Professional fees	39,329	-
Training	12,457	5,792
Repairs and maintenance	6,979	6,267
Insurance	5,667	3,651
Bank charges and interest	1,850	-
Service fees	-	(205)
Reimbursements	(5,358)	(775)
	4,092,634	3,449,705
Surplus (deficit)	92,786	(313,480)



Poundmaker Cree Nation
Social Development
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	1,944,305	1,825,226
Battle River Treaty 6 Health Centre Inc.	15,125	23,587
Miscellaneous	1,375	-
	1,960,805	1,848,813
Expenses		
Social assistance	1,259,884	1,207,226
Program	447,440	151,630
Salaries and benefits	296,182	140,044
Supplies	46,707	67,775
Membership assistance	37,270	16,758
Service fees	35,931	35,931
Meetings and travel	29,232	12,636
Utilities and telephone	28,802	28,881
Contracted services	19,858	2,483
Bank charges and interest	9,191	4,861
Administration	9,066	22,673
Training	3,347	-
Equipment	2,724	2,286
Repairs and maintenance	-	93
	2,225,634	1,693,277
Surplus (deficit)	(264,829)	155,536



Poundmaker Cree Nation
Housing
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	646,970	80,303
Canada Mortgage and Housing Corporation	223,616	237,813
Rental	166,485	175,455
Miscellaneous	18,955	35,653
	1,056,026	529,224
Expenses		
Amortization of tangible capital assets	454,670	455,900
Repairs and maintenance	301,808	214,013
Contracted services	66,550	23,995
Professional fees	62,865	14,975
Supplies	57,071	55,793
Insurance	38,510	42,272
Interest on long-term debt	22,560	27,530
Administration	22,120	22,560
Salaries and benefits	14,502	-
Bank charges and interest	2,246	53
Meetings and travel	803	611
Utilities and telephone	-	1,306
	1,043,705	859,008
Surplus (deficit) before other item	12,321	(329,784)
Other item		
Gain on disposal of tangible capital assets	96,710	-
Surplus (deficit)	109,031	(329,784)



Poundmaker Cree Nation
Operations and Maintenance
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	522,708	398,027
Miscellaneous	11,113	1,785
	533,821	399,812
Expenses		
Amortization of tangible capital assets	385,540	355,051
Contracted services	240,931	238,144
Repairs and maintenance	160,857	216,413
Salaries and benefits	136,019	151,920
Utilities and telephone	107,255	77,837
Supplies	27,033	32,412
Meetings and travel	12,691	12,655
Insurance	6,121	11,656
Equipment	2,830	6,650
Training	1,187	-
Program	12	150
Bank charges and interest	8	-
	1,080,484	1,102,888
Deficit	(546,663)	(703,076)



Poundmaker Cree Nation
Capital
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	465,060	1,384,141
Miscellaneous	3,176	3,842
	468,236	1,387,983
Expenses		
Amortization of tangible capital assets	62,499	62,499
Contracted services	33,112	34,455
Salaries and benefits	10,759	-
Meetings and travel	2,275	-
Supplies	318	-
Repairs and maintenance	-	287,129
	108,963	384,083
Surplus	359,273	1,003,900



Poundmaker Cree Nation Own Source

Schedule of Segment Revenues and Expenses

For the year ended March 31, 2020

	2020	2019
Revenues		
Miscellaneous	560,907	335,400
First Nations Trust	542,215	545,381
Lease	288,212	216,417
Annual Income Poundmaker Legacy Trust	146,573	193,122
Retail sales - meat shop	107,649	32,447
Government of Canada	14,168	-
Battlefords Agency Tribal Council - CDC	1,827	135,107
Gravel sales	-	993,255
Battle River Treaty 6 Health Centre Inc.	-	34,973
Grants and proposal funding	-	12,500
Earnings (loss) from investment in Nation business entities	(67,548)	-
	1,594,003	2,498,602
Expenses		
Program	435,161	307,997
Salaries and benefits	390,711	135,182
Interest on long-term debt	291,404	137,500
Membership assistance	262,352	101,426
Per capita distribution	249,400	245,350
Contracted services	147,095	195,633
Meetings and travel	130,429	85,648
Professional fees (recovery)	101,986	(47,656)
Supplies	65,889	23,483
Retail cost of sales - meat shop	47,403	-
Rent	25,250	26,327
Repairs and maintenance	17,374	24,571
Utilities and telephone	15,516	3,960
Insurance	7,151	11,286
Service fees	5,017	(23,237)
Bank charges and interest	4,998	8,296
Training	1,906	1,868
Equipment	1,003	13,197
Student	500	750
Gravel production costs	-	482,161
Amortization of tangible capital assets	-	26,950
Administration	-	3,800
Land taxes	-	3,000
Bad debts (recovery)	-	(22)
Reimbursements	(6,868)	(3,040)
	2,193,677	1,764,430
Surplus (deficit) before other items	(599,674)	734,172
Other items		
Loss on disposal of tangible capital assets	-	(23,750)
Treaty Annuities settlement	-	4,828,055
Treaty Annuities expenses	-	(4,315,007)
	-	489,298
Surplus (deficit)	(599,674)	1,223,470



Poundmaker Cree Nation
Other
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2020

	2020	2019
Revenues		
Indigenous Services Canada	1,133,795	566,957
Ottawa Trust Fund	162,475	132,167
Miscellaneous	53,672	-
Government of Canada	9,600	8,800
Grants and proposal funding	5,000	63,697
	1,364,542	771,621
Expenses		
Program	455,031	218,068
Contracted services	199,665	88,294
Supplies	157,056	41,474
Membership assistance	154,129	198,585
Repairs and maintenance	104,210	58,864
Training	63,947	-
Administration	61,772	30,268
Meetings and travel	52,565	62,757
Salaries and benefits	49,581	1,562
Professional fees	8,606	112,973
Amortization of tangible capital assets	7,615	7,615
Utilities and telephone	3,132	3,557
Equipment	1,804	4,396
Insurance	675	660
Bad debts (recovery)	-	8,927
Reimbursements	-	(750)
Gravel production costs (royalty recovery)	(11,096)	(215,111)
	1,308,692	622,139
Surplus	55,850	149,482