



**Poundmaker Cree Nation
Consolidated Financial Statements**

March 31, 2023



Poundmaker Cree Nation Contents

For the year ended March 31, 2023

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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 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.

December 20, 2023

Signed by: Juleen Albert

Management

Independent Auditor's Report

To the Members of Poundmaker Cree Nation:

Qualified 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, 2023, 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, except for the possible effects of the matters described in the Basis of Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2023, 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 Qualified Opinion

During our examination of expenses, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves with regards to the accuracy, occurrence and classification of expenses. Consequently, we are unable to determine whether adjustment to the amounts reported as expenses are necessary in the consolidated statement of operations and accumulated surplus, schedule of consolidated expenses by object, and the schedules of segment revenues and expenses.

In addition, for the 2023 year end, Poundmaker Cree Nation did not prepare a budget on a timely basis nor was it approved by the Council of the Nation. In addition the budget did not include all the components of the Nation's operations. Therefore, the Nation's consolidated statements of operations and accumulated surplus, and net debt do not present a comparison of the results for the 2023 year end with an appropriately prepared and approved budget.

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

We draw attention to Notes 13 and 15 to the consolidated financial statements which describe that Poundmaker Cree Nation entered into a Treaty Benefits 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. Our opinion is not modified in respect of this matter.

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.

MNP LLP

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Independent Auditor's Report (continued from previous page)

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.

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

December 20, 2023

MNP LLP
Chartered Professional Accountants

MNP



Poundmaker Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2023

As at March 31, 2023

2023

2022

*(As Restated,
Note 25)*

Financial assets

Current

| | | |
|--|------------------|-----------|
| CURRENT | | |
| Cash | 456,985 | - |
| Restricted cash (Note 4) | 1,292,569 | 1,544,998 |
| Accounts receivable (Note 5) | 1,719,098 | 3,544,948 |
| Cattle inventory | 215,060 | 180,800 |
| Due from related parties (Note 6) | 231,334 | 149,671 |
| | 3,915,046 | 5,420,417 |
| Restricted cash (Note 4) | 349,774 | 331,164 |
| Investment in Nation business entities (Note 7) | 663,390 | 475,866 |
| Funds held in Ottawa Trust Fund (Note 8) | 92,281 | 64,830 |
| Total financial assets | 5,020,491 | 6,292,277 |



Poundmaker Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2023

2023 **2022**
(As Restated,
Note 25)

Liabilities**Current**

| | | |
|--|---------------------|-------------|
| Bank indebtedness (Note 9) | - | 117,416 |
| Accounts payable and accruals | 3,073,496 | 1,923,435 |
| Deferred revenue (Note 10) | 7,730,193 | 5,028,651 |
| Due to related parties (Note 6) | 34,767 | 53,885 |
| Treaty Benefits Claim loan (Note 11) | 350,000 | - |
| Current portion of long-term debt (Note 13) | 2,027,028 | 3,964,299 |
| Current portion of capital lease obligations (Note 14) | 53,950 | 66,470 |
| | 13,269,434 | 11,154,156 |
| Term loans subject to refinancing (Note 12) | 4,600,000 | - |
| Subtotal of current liabilities and term loans | 17,869,434 | 11,154,156 |
| Long-term debt (Note 13) | 4,494,566 | 4,540,724 |
| Capital lease obligations (Note 14) | 147,754 | 201,704 |
| Total liabilities | 22,511,754 | 15,896,584 |
| Net debt | (17,491,263) | (9,604,307) |

Contingent asset (Note 15)**Contingent liabilities (Note 16)****Non-financial assets**

| | | |
|--------------------------------------|-------------------|------------|
| Tangible capital assets (Note 17) | 40,560,147 | 31,579,310 |
| Prepaid expenses | 98,250 | - |
| Total non-financial assets | 40,658,397 | 31,579,310 |
| Accumulated surplus (Note 18) | 23,167,134 | 21,975,003 |

Approved on behalf of Chief and Council

Signed by: Chief Duane Antoine

Chief

Signed by: Darwin Kasokeo

Councillor

Signed by: Brandon Favel

Councillor



Poundmaker Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

| | 2023 Budget (Note 20) | 2023 Actual | 2022 Actual (As Restated, Note 25) |
|--|--------------------------------------|------------------------|---|
| Revenues | | | |
| Indigenous Services Canada (Note 23) | 18,750,321 | 17,490,712 | 14,952,531 |
| First Nations Trust | - | 670,879 | 304,225 |
| Miscellaneous | 15,234 | 625,481 | 666,760 |
| Canada Mortgage and Housing Corporation | 740,471 | 541,894 | 155,101 |
| Government of Canada - Class Action Settlement | - | 500,000 | - |
| Government of Canada | - | 285,019 | 26,669 |
| Lease | - | 226,392 | 270,957 |
| Earnings from investment in Nation business entities (Note 7) | (5,000) | 187,524 | 99,596 |
| Rental | - | 172,350 | 171,630 |
| Annual Income Poundmaker Legacy Trust | - | 132,061 | 135,517 |
| Ottawa Trust Fund | - | 102,451 | 84,261 |
| Retail sales - meat shop | - | 97,443 | 163,783 |
| Battle River Treaty 6 Health Centre Inc. | - | 85,675 | 79,373 |
| Grants and proposal funding | 66,932 | 34,287 | 29,180 |
| Border Tribal Council | - | - | 65,000 |
| Federation of Sovereign Indigenous Nations | - | - | 25,500 |
| | 19,567,958 | 21,152,168 | 17,230,083 |
| Program expenses | | | |
| Administration | 662,698 | 1,914,595 | 2,053,929 |
| Education | 6,353,389 | 7,082,701 | 6,091,665 |
| Social Development | 2,137,342 | 2,815,471 | 2,050,637 |
| Housing | 305,637 | 1,133,212 | 1,354,204 |
| Operations and Maintenance | 349,524 | 1,622,186 | 1,444,825 |
| Capital | - | 158,413 | 158,988 |
| Own Source | - | 2,912,139 | 2,660,811 |
| Other | 830,829 | 2,443,604 | 1,592,369 |
| Total expenses | 10,639,419 | 20,082,321 | 17,407,428 |
| Surplus (deficit) before other items | 8,928,539 | 1,069,847 | (177,345) |
| Other items | | | |
| Gain (loss) on disposal of tangible capital assets | - | 122,284 | (24,123) |
| Treaty Salaries Settlement | - | - | 3,044,558 |
| Treaty Annuities Settlement overpayment recovery | - | - | (172,834) |
| Treaty Salaries legal expenses | - | - | (529,962) |
| | - | 122,284 | 2,317,639 |
| Surplus | 8,928,539 | 1,192,131 | 2,140,294 |
| Accumulated surplus, beginning of year, as restated (Note 25) | 21,975,003 | 21,975,003 | 19,834,709 |
| Accumulated surplus, end of year | 30,903,542 | 23,167,134 | 21,975,003 |

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, 2023

| | 2023 Budget (Note 20) | 2023 Actual | 2022 Actual (As Restated, Note 25) |
|--|--------------------------------------|------------------------|---|
| Surplus | 8,928,539 | 1,192,131 | 2,140,294 |
| Purchases of tangible capital assets | (3,769,500) | (9,973,590) | (738,594) |
| Amortization of tangible capital assets | - | 1,113,837 | 1,100,668 |
| Use (acquisition) of prepaid expenses | - | (98,250) | 5,000 |
| Loss (gain) on disposal of tangible capital assets | - | (122,284) | 24,123 |
| Proceeds on disposal of tangible capital assets | - | 1,200 | 17,000 |
| Assets acquired through capital lease | - | - | (80,322) |
| | (3,769,500) | (9,079,087) | 327,875 |
| Decrease (increase) in net debt | 5,159,039 | (7,886,956) | 2,468,169 |
| Net debt, beginning of year | (9,604,307) | (9,604,307) | (12,072,476) |
| Net debt, end of year | (4,445,268) | (17,491,263) | (9,604,307) |



Poundmaker Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

2023 **2022**
*(As Restated,
Note 25)*

Cash provided by (used for) the following activities

Operating activities

| | | |
|---|-----------|-------------|
| Surplus | 1,192,131 | 2,140,294 |
| Non-cash items | | |
| Amortization of tangible capital assets | 1,113,837 | 1,100,668 |
| Loss (gain) on disposal of tangible capital assets | (122,284) | 24,123 |
| Earnings from investment in Nation business entities (Note 7) | (187,524) | (99,596) |
| | 1,996,160 | 3,165,489 |
| Changes in working capital accounts | | |
| Accounts receivable | 1,825,850 | (3,155,482) |
| Cattle inventory | (34,260) | (10,891) |
| Accounts payable and accruals | 1,150,061 | (1,493,772) |
| Deferred revenue | 2,701,542 | 2,386,697 |
| Use (acquisition) of prepaid expenses | (98,250) | 5,000 |
| Treaty Benefits Claim loan | 350,000 | - |
| | 7,891,103 | 897,041 |

Financing activities

| | | |
|--|-------------|-------------|
| Advances of long-term debt | 5,173,819 | 2,470,451 |
| Repayment of long-term debt | (2,557,248) | (1,431,702) |
| Repayment of capital lease obligations | (66,470) | (56,897) |
| Due to/from related parties (net) | (100,781) | (236,339) |
| | 2,449,320 | 745,513 |

Capital activities

| | | |
|---|-------------|-----------|
| Purchases of tangible capital assets | (9,973,590) | (738,594) |
| Proceeds on disposal of tangible capital assets | 1,200 | 17,000 |
| | (9,972,390) | (721,594) |

Investing activities

| | | |
|--|----------|-----------|
| Decrease (increase) in restricted cash | 233,819 | (852,702) |
| Decrease (increase) in funds held in Ottawa Trust Fund | (27,451) | 16,405 |
| | 206,368 | (836,297) |

Increase in cash resources

| | | |
|---|------------------|-----------|
| Cash deficiency, beginning of year | (117,416) | (202,079) |
|---|------------------|-----------|

| | | |
|---|----------------|-----------|
| Cash resources (deficiency), end of year | 456,985 | (117,416) |
|---|----------------|-----------|

Supplementary cash flow information

| | | |
|---------------|---------|---------|
| Interest paid | 492,758 | 361,206 |
|---------------|---------|---------|



Poundmaker Cree Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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

Financial instruments

Effective April 1, 2022, the Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. Upon adopting PS 3450, the Nation is also required to adopt PS 1201 *Financial Statement Presentation*, and PS 3041 *Portfolio Investments*. The new Sections are applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

Asset retirement obligations

Effective April 1, 2022, the Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements.

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

Pursuant to the recommendations, the change was applied prospectively and prior periods have not been restated. As such, the Nation recognized asset retirement obligations for those arising on or after April 1, 2022, as well as for those arising prior to April 1, 2022 but for which an obligation was not previously recognized.

The cumulative effect in the current year of adopting this new standard is \$nil and no asbestos has been identified in the Nation's buildings, nor have any other assets been identified for which there would be an asset retirement obligation.

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 consolidated 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 Corporation

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.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

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.

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

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives:

| | Rate |
|------------------------|-------------|
| Land improvements | 30 years |
| Buildings | 25 years |
| CMHC housing | 25 years |
| Vehicles and equipment | 7-10 years |
| Computer equipment | 5 years |
| Roads | 40 years |
| Infrastructure | 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.

Long-lived assets

Long-lived assets consist of tangible capital assets which are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

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.

Inventory

Cattle inventory is recorded at fair value less costs to sell.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the consolidated financial statement date when there is a legal obligation for the Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Nation reviews the carrying amount of the liability. The Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

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, 2023.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. There are no known liabilities at March 31, 2023.

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 retail sales are recognized as they become 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.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

Financial instruments

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The Nation has not made such an election during the year. All financial assets and liabilities are measured at amortized cost.

The Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. All financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

All financial assets are tested annually for impairment. Management considers recent collection experience for receivables, such as delinquency in payments, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

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 recorded based on management's best estimate of costs to be spent.

Segments

The Nation conducts its business through 8 reportable segments (Note 21). 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, 2023

4. Restricted cash

| | 2023 | 2022 |
|--------------------------|------------------|-----------|
| Current: | | |
| Capital projects | 1,292,569 | 1,544,998 |
| Long-term: | | |
| CMHC Replacement Reserve | 349,774 | 331,164 |
| | 1,642,343 | 1,876,162 |

5. Accounts receivable

| | 2023 | 2022 (As Restated, Note 25) |
|--|------------------|-----------------------------------|
| Indigenous Services Canada | 1,064,277 | 368,977 |
| CMHC | 370,291 | 11,222 |
| Members | 345,610 | 90,629 |
| Other | 57,094 | 67,249 |
| Government of Canada - Treaty Salaries Settlement proceeds | - | 3,044,558 |
| | 1,837,272 | 3,582,635 |
| Less: Allowance for doubtful accounts | 118,174 | 37,687 |
| | 1,719,098 | 3,544,948 |

6. Due from (to) related parties

| | 2023 | 2022 |
|--------------------------------------|-------------|----------|
| Due from 101119042 Saskatchewan Ltd. | 231,334 | 149,671 |
| Due to Kanatinak Store 2 Inc. | (34,767) | (53,885) |

The amounts due to (from) 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, 2023

7. Investment in Nation business entities

The Nation has investments in the following entities:

| | <i>March 31, 2022</i> | <i>Share of earnings</i> | <i>March 31, 2023</i> |
|--|-----------------------|--------------------------|-----------------------|
| Kanatinak Store 2 Inc. | 578,701 | 142,015 | 720,716 |
| 101119042 Saskatchewan Ltd. | (102,935) | 45,509 | (57,426) |
| Poundmaker Economic Development Holdings Limited Partnership | 100 | - | 100 |
| | 475,866 | 187,524 | 663,390 |

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

| | <i>Kanatinak Store 2 Inc. As at March 31, 2023</i> | <i>101119042 Saskatchewan Ltd. As at March 31, 2023</i> | <i>Poundmaker Economic Development Holdings Limited Partnership As at March 31, 2023</i> |
|--------------------------|--|---|--|
| Assets | | | |
| Current | 444,900 | 415,493 | 100 |
| Long-term | 531,465 | 1,266,053 | - |
| Total assets | 976,365 | 1,681,546 | 100 |
| Liabilities | | | |
| Current | 255,649 | 367,296 | - |
| Long-term | - | 1,371,676 | - |
| Total liabilities | 255,649 | 1,738,972 | - |
| Net assets | 720,716 | (57,426) | 100 |
| Total revenues | 3,968,790 | 936,047 | - |
| Total expenses | 3,826,775 | 890,538 | - |
| Net income | 142,015 | 45,509 | - |

Principal repayments on long-term debt and leases of the Nation's business entities 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>2024</i> | <i>2025</i> | <i>2026</i> | <i>2027</i> | <i>2028</i> | <i>Thereafter</i> | <i>Total</i> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------------|--------------|
| 101119042 Saskatchewan Ltd. | 203,695 | 212,310 | 209,125 | 223,790 | 229,079 | 293,677 | 1,371,676 |



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

The Nation has guaranteed the following debt and leases on behalf of its Nation business entities:

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

- Innovation Credit Union loan of \$854,954 bearing interest at 5.50% per annum, repayable in blended monthly payments of \$11,938, maturity date September 2030.
- John Deere Financial lease of \$332,178 bearing interest at 8.25% per annum, repayable in blended monthly payments of \$6,942, maturity date February 2028.
- John Deere Financial lease of \$150,245 bearing interest at 7.30% per annum, repayment in blended monthly payments of \$2,956, maturity date April 2028.
- The debt and leases are secured by equipment.

Poundmaker Economic Development Holdings Limited Partnership was formed with a partnership agreement dated March 1, 2017. The Nation obtained 100% ownership with an initial capital investment of \$100. There was no activity in the Partnership for the year ending March 31, 2023.

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 Indigenous Services Canada.

| | 2023 | 2022 |
|-----------------------------|---------------|----------|
| Capital Trust | | |
| Balance, beginning of year | 41,733 | 64,766 |
| Royalties | 43,760 | 36,967 |
| Withdrawals | - | (60,000) |
| Balance, end of year | 85,493 | 41,733 |
| Revenue Trust | | |
| Balance, beginning of year | 23,097 | 16,469 |
| Lease and interest revenues | 58,691 | 47,294 |
| Withdrawals | (75,000) | (40,666) |
| Balance, end of year | 6,788 | 23,097 |
| | 92,281 | 64,830 |

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, 2023, \$nil (2022 - \$264,824) 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 and other accounts with positive balances.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. Deferred revenue

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

| | <i>Balance 2022 (As Restated, Note 25)</i> | <i>Contributions received</i> | <i>Contributions utilized</i> | <i>Balance 2023</i> |
|--|--|-----------------------------------|-----------------------------------|---------------------|
| Land leases | 239,544 | 384,196 | 226,392 | 397,348 |
| ISC - School Assessment | 465,637 | 900,000 | - | 1,365,637 |
| ISC - Lagoon Upgrades | 224,276 | 760,000 | 54,800 | 929,476 |
| ISC - Basic Needs | 797,675 | 1,784,681 | 1,848,786 | 733,570 |
| ISC - Sewage Pump Station Upgrades | 1,363,199 | 1,300,000 | 1,975,117 | 688,082 |
| ISC - Roads and Bridges | - | 1,128,039 | 501,064 | 626,975 |
| ISC - Cost Capacity Building FN Child and Family | - | 550,000 | 104,988 | 445,012 |
| ISC - Immediate Needs Renovation | - | 722,385 | 340,491 | 381,894 |
| ISC - Water Systems | 183,812 | 353,396 | 265,220 | 271,988 |
| ISC - Meat Shop Processing Equipment | - | 249,900 | - | 249,900 |
| ISC - Residential School Missing Children | 57,530 | 313,500 | 126,974 | 244,056 |
| ISC - Horse Based Healing Camps | 56,276 | 307,560 | 184,977 | 178,859 |
| ISC - Transfer Station | 181,310 | - | - | 181,310 |
| ISC - Case Management Capacity | 129,490 | 99,984 | 98,973 | 130,501 |
| ISC - Services Delivery - Infrastructure | 57,161 | 46,984 | 8,631 | 95,514 |
| ISC - Income Assistance, Employment & Training | 109,522 | 154,610 | 171,490 | 92,642 |
| ISC - Waste Water Systems | 44,663 | 140,544 | 95,020 | 90,187 |
| ISC - Medical Transportation | 50,565 | 215,000 | 207,685 | 57,880 |
| ISC - Water Treatment Plant Upgrades | 57,158 | - | - | 57,158 |
| ISC - JP - Medical Transportation | - | 56,945 | 4,690 | 52,255 |
| ISC - Covid-19 Pandemic Health | 72,848 | - | 25,243 | 47,605 |
| ISC - Skills Link | 39,313 | 60,828 | 53,495 | 46,646 |
| ISC - Special Needs | - | 155,441 | 114,051 | 41,390 |
| ISC - Discussion Tables | 14,400 | 322,447 | 295,664 | 41,183 |
| ISC - Fire Protection | - | 45,510 | 4,795 | 40,715 |
| ISC - JP Initiative - Mental Wellness Other | 116,113 | 21,365 | 102,937 | 34,541 |
| ISC - Information Management & Technology | 31,979 | - | - | 31,979 |
| ISC - Lands | - | 30,000 | - | 30,000 |
| ISC - Provincial/Private Student Support | 4,569 | 49,316 | 34,683 | 19,202 |
| ISC - FN School 2nd Level Services | 13,101 | 451,836 | 446,273 | 18,664 |
| ISC - JP Initiative - Music & Holistic Wellness | 4,988 | 182,400 | 172,118 | 15,270 |
| ISC - Post Secondary | 177,349 | 822,360 | 985,337 | 14,372 |
| ISC - Prov School Targeted HCSE | - | 50,766 | 36,951 | 13,815 |
| ISC - JP Initiative - Mental Health | 53,938 | 140,689 | 183,362 | 11,265 |
| ISC - JP - Life Skills Coach | - | 46,200 | 34,960 | 11,240 |
| ISC - JP Social Request | - | 25,000 | 15,940 | 9,060 |
| ISC - Institutional Care Co Payment | - | 32,272 | 23,499 | 8,773 |
| ISC - Summer Work Experience | 8,898 | 27,328 | 27,551 | 8,675 |
| ISC - Education Partnership Program | 58,197 | 415,380 | 465,724 | 7,853 |
| ISC - Flood Recovery | 25,041 | - | 20,340 | 4,701 |
| ISC - Awareness Raising | 3,000 | - | - | 3,000 |
| ISC - FN School Protect | 98,137 | 57,170 | 155,307 | - |
| ISC - Traditional Survival Skills | 67,684 | 207,258 | 274,942 | - |
| ISC - Special Education - High Cost | 59,360 | - | 59,360 | - |
| ISC - Governance Capacity Development | 36,197 | - | 36,197 | - |
| ISC - Solid Waste | 29,015 | 171,494 | 200,509 | - |



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. Deferred revenue *(Continued from previous page)*

| | | | | |
|--|------------------|-------------------|-------------------|------------------|
| ISC - Client Support - Pre-employment | 27,030 | 206,593 | 233,623 | - |
| ISC - Regional Implementation | 25,264 | 197,784 | 223,048 | - |
| ISC - Instructional Services | 22,361 | 3,215,354 | 3,237,715 | - |
| ISC - ISC Education COVID-19 | 14,753 | - | 14,753 | - |
| ISC - JP Initiative - Occupational Therapy Service | 6,501 | - | 6,501 | - |
| ISC - Education Covid-19 | 797 | - | 797 | - |
| | 5,028,651 | 16,402,515 | 13,700,973 | 7,730,193 |

11. Treaty Benefits Claim loan

During the year, legal counsel for the Treaty Benefits Claim (Note 15) provided the Nation with a \$350,000 loan. The \$350,000 is repayable upon settlement of the Treaty Benefits Claim. The amount bears no interest and is unsecured.

12. Term loans subject to refinancing

The term loan subject to refinancing was obtained from Royal Bank of Canada (RBC) to finance the purchase of land in Lloydminster, Saskatchewan. The loan bears interest at RBC prime plus 2.5%. Proceeds from the Treaty Benefits Claim settlement will be used to repay the loan, subject to member ratification, provided a settlement is received within one year from the date of the loan. If the Claim is not settled by then, repayment will commence based on a 288 month amortization period. In the interim, monthly interest only payments are being made on the loan.

13. 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 (CMHC) 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>2023</u> | <u>2022</u> |
|--------------|---|----------------------|---------------------|------------------|----------------|
| I | 1,614 | 0.98% | 1-Apr-26 | 58,803 | 77,496 |
| II | 2,498 | 4.73% | 1-Jun-23 | 119,360 | 148,818 |
| III | 1,244 | 1.86% | 1-Apr-24 | 85,802 | 99,004 |
| IV | 1,243 | 0.79% | 1-Jan-26 | 103,878 | 117,912 |
| V | 6,078 | 1.87% | 1-May-24 | 375,538 | 440,816 |
| VI | 2,558 | 3.75% | 1-Jul-27 | 340,541 | - |
| | | | | 1,083,922 | 884,046 |

RBC consolidation term loan, repayable in quarterly instalments of \$113,599 including interest at Royal Bank prime plus 2.5%, maturing March 1, 2024, secured by preferred security interest in property and First Nations Trust and ISC funding.

2,157,885 2,441,000

RBC Treaty Benefit term loan, with interest at Royal Bank prime plus .25%, repayable the earlier of: receipt of funds pursuant to a settlement, judgment or order relating to the Claim, secured by AmTrust Europe Limited insurance policy, surety bond and assignment of all proceeds payable under the insurance policy (see Note 15).

1,455,972 1,381,240

RBC term loan, repayable in monthly instalments of \$3,152 plus interest at Royal Bank prime plus 1.5%, maturing July 18, 2023, secured by a Poundmaker Legacy Trust guarantee and a general security agreement.

806,921 844,746



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

13. Long-term debt (Continued from previous page)

| | | |
|--|------------------|-----------|
| CMHC Phase VIII loan advances payable upon completion of Phase VIII housing. | 279,926 | - |
| RBC term loan, repayable in annual instalments of \$14,815 including interest at 4.90%, maturing April 5, 2023, secured by a Poundmaker Legacy Trust guarantee and a general security agreement. | 197,241 | 204,143 |
| RBC term loan, repayable in monthly instalments of \$1,883 including interest at 7.16%, maturing March 1, 2024, secured by Band Council Resolution. | 190,602 | 201,791 |
| John Deere Equipment Loan, repayable in semi-annual instalments of \$19,610 including interest at 4.5%, maturing July 7, 2027, secured by the equipment with a net book value of \$206,400. | 158,690 | - |
| CMHC Phase VII loan advances payable upon completion of Phase VII housing. | 97,500 | 97,500 |
| RBC term Loan, repayable in annual instalments of \$42,833 including interest at 5.83%, maturing May 26, 2023, secured by Band Council Resolution. | 80,216 | 117,782 |
| 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 \$42,210. | 12,719 | 25,675 |
| RBC Treaty Salaries term loan. Repaid by Treaty Salaries settlement proceeds. | - | 2,000,000 |
| CMHC Phase VI loan advances. | - | 307,100 |
| | 6,521,594 | 8,505,023 |
| Less: current portion | 2,027,028 | 3,964,299 |
| | 4,494,566 | 4,540,724 |

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:

| | |
|------|-----------|
| 2024 | 2,027,028 |
| 2025 | 588,674 |
| 2026 | 590,579 |
| 2027 | 604,980 |
| 2028 | 607,839 |

The Treaty Benefit term loan is recorded as part of the current portion for 2024 (Note 15).

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.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

14. Capital lease obligations

| | 2023 | 2022 |
|---|----------------|-------------|
| CWB National Leasing lease payable in monthly instalments of \$2,655 including interest at 7.75% per annum. Due October 2026, with vehicles having a net book value of \$119,914 pledged as collateral. | 100,691 | 123,768 |
| Ford Credit of Canada lease payable in monthly instalments of \$1,527 including interest at 5.24% per annum. Due July 23, 2026, with a vehicle having a net book value of \$68,274 pledged as collateral. | 56,093 | 71,044 |
| Ford Credit of Canada lease payable in monthly instalments of \$1,018 including interest at 6.24% per annum. Due January 1, 2027, with a vehicle having a net book value of \$45,770 pledged as collateral. | 41,563 | 50,871 |
| 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 \$45,045 pledged as collateral. | 3,357 | 22,491 |
| | 201,704 | 268,174 |
| <u>Less: current portion</u> | 53,950 | 66,470 |
| | 147,754 | 201,704 |

Minimum lease payments related to the obligations under capital lease are as follows:

| | |
|-------------------------------|------------------------------|
| 2024 | 65,798 |
| 2025 | 62,404 |
| 2026 | 62,404 |
| 2027 | 36,623 |
| | 227,229 |
| <u>Less: imputed interest</u> | <u>25,525</u> |
| | Balance of obligation |
| | 201,704 |

15. 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, 2023, total expenses incurred for the Treaty Benefits Claim of \$1,455,972 (2022 - \$1,381,240) have been incurred and available financing drawn (Note 13). 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.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

16. Contingent liabilities

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).

Legal Proceedings

The Nation has been named as defendant in various legal proceedings. Liability, if any, can not be determined at this time nor can the ultimate outcome of these proceedings be determined. If any liability should result it will be recorded in the period it is determined.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

17. Tangible capital assets

For the year ended March 31, 2023

| | Cost | | | | | Accumulated Amortization | | | | | 2023 Net book value |
|---------------------------|--------------------|-----------|-----------|----------------------|-------------------|--------------------------|-------------------------|------------------------------|----------------------|-------------------|------------------------|
| | Opening balance | Additions | Disposals | Reclass of assets | Ending balance | Opening balance | Current amortization | Amortization on disposals | Reclass of assets | Ending balance | |
| Land | 6,616,781 | 4,800,000 | - | - | 11,416,781 | - | - | - | - | - | 11,416,781 |
| Land Improvements | 958,506 | 30,000 | - | - | 988,506 | 281,358 | 32,266 | - | - | 313,624 | 674,882 |
| Buildings | 18,875,530 | 667,630 | - | (299,000) | 19,244,160 | 12,284,528 | 371,363 | - | (17,940) | 12,637,951 | 6,606,209 |
| CMHC Housing | 4,418,476 | 17,576 | - | 372,823 | 4,808,875 | 2,977,392 | 184,547 | - | 17,940 | 3,179,879 | 1,628,996 |
| Vehicles and Equipment | 1,536,330 | 386,705 | (55,440) | - | 1,867,595 | 863,038 | 126,015 | (176,524) | - | 812,529 | 1,055,066 |
| Computer Equipment | 136,601 | - | - | - | 136,601 | 136,601 | - | - | - | 136,601 | - |
| Roads | 3,392,892 | - | - | - | 3,392,892 | 1,452,838 | 84,822 | - | - | 1,537,660 | 1,855,232 |
| Infrastructure | 15,730,998 | 20,340 | - | - | 15,751,338 | 2,567,418 | 314,824 | - | - | 2,882,242 | 12,869,096 |
| Assets Under Construction | 476,369 | 4,051,339 | - | (73,823) | 4,453,885 | - | - | - | - | - | 4,453,885 |
| | 52,142,483 | 9,973,590 | (55,440) | - | 62,060,633 | 20,563,173 | 1,113,837 | (176,524) | - | 21,500,486 | 40,560,147 |

For the year ended March 31, 2022

| | Cost | | | | | Accumulated Amortization | | | | | 2022 Net book value |
|---------------------------|--------------------|-----------|-----------|----------------------|-------------------|--------------------------|-------------------------|------------------------------|---------------------|-------------------|------------------------|
| | Opening balance | Additions | Disposals | Reclass of assets | Ending balance | Opening balance | Current amortization | Amortization on disposals | Reporting change | Ending balance | |
| Land | 6,616,781 | - | - | - | 6,616,781 | - | - | - | - | - | 6,616,781 |
| Land Improvements | 958,506 | - | - | - | 958,506 | 249,440 | 31,918 | - | - | 281,358 | 677,148 |
| Buildings | 18,289,779 | - | - | 585,751 | 18,875,530 | 11,895,269 | 389,259 | - | - | 12,284,528 | 6,591,002 |
| CMHC Housing | 4,418,476 | - | - | - | 4,418,476 | 2,800,653 | 176,739 | - | - | 2,977,392 | 1,441,084 |
| Vehicles and Equipment | 1,380,185 | 204,525 | (48,380) | - | 1,536,330 | 764,242 | 106,053 | (7,257) | - | 863,038 | 673,292 |
| Computer Equipment | 136,601 | - | - | - | 136,601 | 136,601 | - | - | - | 136,601 | - |
| Roads | 3,392,892 | - | - | - | 3,392,892 | 1,368,016 | 84,822 | - | - | 1,452,838 | 1,940,054 |
| Infrastructure | 15,456,696 | 274,302 | - | - | 15,730,998 | 2,255,541 | 311,877 | - | - | 2,567,418 | 13,163,580 |
| Assets Under Construction | 722,031 | 340,089 | - | (585,751) | 476,369 | - | - | - | - | - | 476,369 |
| | 51,371,947 | 818,916 | (48,380) | - | 52,142,483 | 19,469,762 | 1,100,668 | (7,257) | - | 20,563,173 | 31,579,310 |

Tangible capital assets includes equipment under capital lease with a gross cost of \$383,135 (2022 - \$383,135) and accumulated amortization of \$104,132 (2022 - \$65,818). Included in additions in the current year is \$nil (2022 - \$80,322) under capital lease.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

18. Accumulated operating surplus

Accumulated operating surplus consists of the following:

| | 2023 | 2022 |
|--------------------------|-----------------------------------|------------------|
| | <i>(As Restated, Note 25)</i> | |
| Operating | (9,143,195) | (5,569,120) |
| Tangible capital assets | 32,120,738 | 27,802,613 |
| Investments | 663,390 | 475,866 |
| CMHC operating reserve | (191,131) | (138,354) |
| CMHC replacement reserve | 1,081,023 | 720,408 |
| Ottawa Trust Fund | 92,281 | 64,830 |
| Litigation financing | (1,455,972) | (1,381,240) |
| | <hr/> 23,167,134 | <hr/> 21,975,003 |

19. 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.
- Tangible Capital Asset Fund reports on the tangible 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.
- Litigation Financing Fund reports on the activities of the Nation's litigation for which the Nation is seeking damages.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

20. 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 \$3,769,500 of tangible capital assets as expenses which was adjusted to be in accordance with Canadian public sector accounting standards.

| | Prepared Budget | Adjustments | Budget per consolidated financial statements |
|---|--------------------|-------------|---|
| Consolidated Statement of Operations and Accumulated Surplus | | | |
| Revenues | 19,567,958 | - | 19,567,958 |
| Expenses | 14,408,919 | (3,769,500) | 10,639,419 |
| Surplus | 5,159,039 | 3,769,500 | 8,928,539 |
| Consolidated Statement of Changes in Net Debt | | | |
| Annual surplus | 5,159,039 | 3,769,500 | 8,928,539 |
| Purchases of tangible capital assets | (3,769,500) | - | (3,769,500) |
| Net debt, beginning of year - adjusted | (9,604,307) | - | (9,604,307) |
| Adjusted net debt | (8,214,768) | 3,769,500 | (4,445,268) |

21. 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.

22. Scope of operations

Poundmaker Cree Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of Treaties entered into with His Majesty the King. 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, 2023

23. Indigenous Services Canada (ISC) reconciliation

| | |
|----------------------------------|--------------------|
| ISC funding per confirmation | 20,034,450 |
| Add: Deferred revenue, beginning | 4,789,107 |
| Deduct: Deferred revenue, ending | <u>(7,332,845)</u> |
| | <u>17,490,712</u> |

24. Financial Instruments

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The carrying amount of accounts receivable represents the maximum exposure to credit risk. Accounts receivable from two entities represents 83% of total receivables as at March 31, 2023 (2022 - two entities representing 96%). As at March 31, 2023, \$1,472,949 (2022 - \$3,376,570) of accounts receivable was aged less than 30 days, \$3,983 (2022 - \$0) was aged 30 - 90 days, and \$242,166 (2022 - \$168,378) was aged over 90 days.

Risk management

The Nation manages its credit risk by performing regular credit assessments and providing allowances for potentially uncollectible accounts receivable. The Nation believes there is limited credit risk as the majority of accounts receivable is due from the Government of Canada and other large funders. Due from related parties also presents a credit risk. Management monitors the amounts due, and an allowance will be recorded if conditions indicate the amounts are no longer collectible.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Nation is exposed to interest rate risk primarily relating to long-term debt. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through obtaining debt with a combination of fixed and variable rates and entering into agreements with Canada Mortgage and Housing Corporation (CMHC) to provide subsidy for the payment of principal and interest on the related loans from CMHC.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash. The Nation enters into transactions to purchase goods and services for which repayment is required at various dates.

The Nation manages the liquidity risk resulting from accounts payable and accruals, deferred revenue, capital lease payments and long-term debt payments by collecting accounts receivable, maintaining liquid assets and through an authorized operating line of credit of up to \$325,000.



Poundmaker Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

25. Correction of an error

During the year, the Nation determined that deferred revenue had been recorded for some funding received from Indigenous Services Canada for which deferral was not required as the funding was retroactive funding.

Additionally, it was determined that additional amounts were receivable from Indigenous Services Canada for which revenue had not been recognized and a receivable recorded.

For 2022 the impact of these corrections on the consolidated financial statements is as follows:

Consolidated Statement of Financial Position

| | |
|-------------------------------|-----------|
| Accounts receivable increased | 129,024 |
| Deferred revenue decreased | 944,080 |
| Net debt decreased | 1,073,104 |

Consolidated Statement of Operations and Accumulated Surplus

| | |
|--|-------------------|
| Indigenous Services Canada revenue increased | 991,642 |
| Accumulated surplus, beginning of year increased | 81,462 |
| 2022 Accumulated surplus, end of year as previously stated | 20,901,899 |
| add: increase in Indigenous Services Canada revenue | 991,642 |
| add: increase in receivable from Indigenous Services Canada, beginning of year | 81,462 |
| <u>2022 Accumulated surplus, end of year, as restated</u> | <u>21,975,003</u> |

26. Comparative figures

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



Poundmaker Cree Nation
Schedule of Consolidated Expenses by Object
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Salaries and benefits | 5,198,754 | 5,410,692 |
| Program | 2,579,757 | 1,239,188 |
| Social assistance | 1,948,806 | 1,315,903 |
| Professional fees | 1,458,881 | 955,931 |
| Contracted services | 1,458,664 | 1,323,563 |
| Amortization of tangible capital assets | 1,113,837 | 1,100,668 |
| Student | 926,969 | 1,100,711 |
| Meetings and travel | 899,716 | 531,896 |
| Repairs and maintenance | 838,579 | 996,575 |
| Supplies | 726,575 | 628,213 |
| Interest on long-term debt | 537,387 | 273,766 |
| Prevention | 470,939 | - |
| Membership assistance | 444,506 | 1,064,426 |
| Per capita distribution | 443,750 | 447,300 |
| Utilities and telephone | 336,494 | 375,808 |
| Equipment | 335,198 | 96,248 |
| Rent | 181,140 | 82,666 |
| Insurance | 175,173 | 238,477 |
| Bad debts | 99,423 | 33,500 |
| Retail cost of sales - meat shop | 70,268 | 85,510 |
| Bank charges and interest | 42,071 | 71,333 |
| Training | 33,452 | 24,091 |
| Service fees | 10,456 | 15,849 |
| Contributions to economic development | - | 10,000 |
| Administration | (6,864) | (3,271) |
| Reimbursements | (241,610) | (11,615) |
| | 20,082,321 | 17,407,428 |



Poundmaker Cree Nation
Administration
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 1,193,213 | 1,785,175 |
| Miscellaneous | 10,675 | 124,180 |
| Government of Canada | 19 | 229 |
| Rental | - | 100 |
| | 1,203,907 | 1,909,684 |
| Expenses | | |
| Salaries and benefits | 882,461 | 931,991 |
| Program | 376,638 | 138,896 |
| Professional fees | 291,454 | 306,478 |
| Meetings and travel | 277,019 | 259,218 |
| Contracted services | 90,883 | 92,376 |
| Repairs and maintenance | 86,162 | 58,672 |
| Insurance | 82,816 | 58,440 |
| Utilities and telephone | 54,210 | 65,082 |
| Amortization of tangible capital assets | 52,393 | 60,572 |
| Bad debts | 19,423 | - |
| Supplies | 18,883 | 130,441 |
| Equipment | 13,163 | 25,258 |
| Service fees | 5,411 | 14,818 |
| Training | 5,100 | 20,946 |
| Membership assistance | 4,220 | 407,191 |
| Interest on long-term debt | - | 28,587 |
| Contributions to economic development | - | 10,000 |
| Bank charges and interest | (826) | 53,561 |
| Prevention | (1,000) | - |
| Reimbursements | (6,346) | - |
| Administration | (337,469) | (608,598) |
| | 1,914,595 | 2,053,929 |
| Deficit before transfers | (710,688) | (144,245) |
| Transfers between programs | - | (24,523) |
| Deficit | (710,688) | (168,768) |



Poundmaker Cree Nation
Education
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|-----------------------------------|-------------|
| | <i>(As Restated, Note 25)</i> | |
| Revenues | | |
| Indigenous Services Canada | 6,558,100 | 5,535,274 |
| Government of Canada | 285,000 | - |
| Miscellaneous | 24,099 | - |
| | 6,867,199 | 5,535,274 |
| Expenses | | |
| Salaries and benefits | 2,889,680 | 2,837,172 |
| Professional fees | 945,138 | 574,213 |
| Student | 926,969 | 1,100,711 |
| Contracted services | 577,613 | 587,104 |
| Program | 495,002 | 98,746 |
| Administration | 480,070 | 504,338 |
| Supplies | 291,272 | 153,516 |
| Meetings and travel | 170,755 | 44,032 |
| Repairs and maintenance | 107,549 | 18,517 |
| Utilities and telephone | 103,466 | 78,398 |
| Equipment | 102,413 | 24,806 |
| Amortization of tangible capital assets | 72,788 | 64,744 |
| Training | 22,741 | 1,190 |
| Insurance | 13,409 | 2,652 |
| Bank charges and interest | 4,376 | 4,506 |
| Reimbursements | (120,540) | (2,980) |
| | 7,082,701 | 6,091,665 |
| Deficit | (215,502) | (556,391) |



Poundmaker Cree Nation
Social Development
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|----------------------------|------------------|-------------|
| Revenue | | |
| Indigenous Services Canada | 2,729,209 | 1,813,721 |
| Expenses | | |
| Social assistance | 1,948,806 | 1,315,903 |
| Program | 509,414 | 332,412 |
| Salaries and benefits | 323,158 | 323,928 |
| Meetings and travel | 58,462 | 25,753 |
| Membership assistance | 23,199 | 17,197 |
| Utilities and telephone | 18,008 | 21,228 |
| Administration | 15,461 | - |
| Bank charges and interest | 8,073 | 3,571 |
| Training | 736 | 758 |
| Supplies | 543 | 2,179 |
| Equipment | 150 | 2,758 |
| Insurance | 70 | - |
| Service fees | - | 1,031 |
| Repairs and maintenance | - | 4,093 |
| Reimbursements | (90,609) | (174) |
| | 2,815,471 | 2,050,637 |
| Deficit | (86,262) | (236,916) |



Poundmaker Cree Nation
Housing
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 615,585 | 647,679 |
| Canada Mortgage and Housing Corporation | 541,894 | 155,101 |
| Rental | 172,350 | 170,280 |
| Miscellaneous | 15,134 | 6,740 |
| | 1,344,963 | 979,800 |
| Expenses | | |
| Amortization of tangible capital assets | 387,928 | 407,114 |
| Repairs and maintenance | 347,405 | 484,321 |
| Contracted services | 84,843 | 65,767 |
| Supplies | 81,839 | 49,077 |
| Salaries and benefits | 61,570 | 155,239 |
| Insurance | 57,517 | 50,406 |
| Administration | 38,250 | 22,080 |
| Reimbursements | 20,738 | 4,668 |
| Interest on long-term debt | 19,381 | 15,451 |
| Professional fees | 16,508 | 15,311 |
| Bank charges and interest | 6,016 | 7,710 |
| Meetings and travel | 5,671 | 7,487 |
| Utilities and telephone | 5,546 | 69,573 |
| | 1,133,212 | 1,354,204 |
| Surplus (deficit) before transfers | 211,751 | (374,404) |
| Transfers between programs | - | 13,398 |
| Surplus (deficit) | 211,751 | (361,006) |



Poundmaker Cree Nation
Operations and Maintenance
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|-----------------------------------|-------------|
| | <i>(As Restated, Note 25)</i> | |
| Revenues | | |
| Indigenous Services Canada | 1,214,706 | 1,615,158 |
| Battle River Treaty 6 Health Centre Inc. | 85,675 | 79,373 |
| Rental | - | 250 |
| | 1,300,381 | 1,694,781 |
| Expenses | | |
| Amortization of tangible capital assets | 429,494 | 427,946 |
| Contracted services | 348,630 | 359,788 |
| Salaries and benefits | 224,710 | 224,617 |
| Repairs and maintenance | 202,669 | 228,266 |
| Utilities and telephone | 131,950 | 121,257 |
| Equipment | 126,118 | 19,784 |
| Administration | 60,241 | - |
| Supplies | 58,391 | 28,686 |
| Interest on long-term debt | 13,763 | 13,021 |
| Meetings and travel | 13,375 | 13,073 |
| Insurance | 10,045 | 7,850 |
| Bank charges and interest | 2,137 | - |
| Program | 500 | - |
| Membership assistance | 163 | 193 |
| Training | - | 1,197 |
| Reimbursements | - | (853) |
| | 1,622,186 | 1,444,825 |
| Surplus (deficit) before transfers | (321,805) | 249,956 |
| Transfers between programs | - | 16,450 |
| Surplus (deficit) | (321,805) | 266,406 |



**Poundmaker Cree Nation
Capital
Schedule of Segment Revenues and Expenses**
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|------------------|-------------|
| Revenue | | |
| Indigenous Services Canada | 2,075,257 | 2,248,903 |
| Expenses | | |
| Amortization of tangible capital assets | 133,413 | 130,466 |
| Professional fees | 25,000 | - |
| Repairs and maintenance | - | 27,180 |
| Contracted services | - | 1,058 |
| Bank charges and interest | - | 284 |
| | 158,413 | 158,988 |
| Surplus | 1,916,844 | 2,089,915 |



Poundmaker Cree Nation
Own Source
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|--|------------------|------------------|
| Revenues | | |
| Indigenous Services Canada | - | 146,477 |
| First Nations Trust | 670,879 | 304,225 |
| Government of Canada - Class Action Settlement | 500,000 | - |
| Miscellaneous | 459,638 | 515,840 |
| Lease | 226,392 | 270,957 |
| Earnings from investment in Nation business entities | 187,524 | 99,596 |
| Annual Income Poundmaker Legacy Trust | 132,061 | 135,517 |
| Retail sales - meat shop | 97,443 | 163,783 |
| Grants and proposal funding | 9,287 | 14,183 |
| Border Tribal Council | - | 65,000 |
| Federation of Sovereign Indigenous Nations | - | 25,500 |
| Rental | - | 1,000 |
| | 2,283,224 | 1,742,078 |
| Expenses | | |
| Program | 708,686 | 423,432 |
| Interest on long-term debt | 504,243 | 216,707 |
| Salaries and benefits | 502,991 | 602,468 |
| Per capita distribution | 443,750 | 447,300 |
| Contracted services | 239,302 | 172,428 |
| Supplies | 195,773 | 156,536 |
| Rent | 181,140 | 82,666 |
| Membership assistance | 146,707 | 135,118 |
| Meetings and travel | 99,318 | 64,409 |
| Bad debts | 80,000 | 33,500 |
| Retail cost of sales - meat shop | 70,268 | 85,510 |
| Repairs and maintenance | 66,557 | 71,452 |
| Professional fees | 61,445 | 33,277 |
| Equipment | 26,950 | 14,862 |
| Bank charges and interest | 21,895 | 1,701 |
| Amortization of tangible capital assets | 21,320 | 4,016 |
| Insurance | 6,932 | 113,686 |
| Service fees | 5,045 | - |
| Utilities and telephone | 2,956 | 14,019 |
| Prevention | 2,703 | - |
| Reimbursements | (44,853) | (12,276) |
| Administration | (430,989) | - |
| | 2,912,139 | 2,660,811 |
| Deficit before other items | (628,915) | (918,733) |
| Other items | | |
| Gain (loss) on disposal of tangible capital assets | 121,084 | (24,123) |
| Treaty Salaries Settlement | - | 3,044,558 |
| Treaty Annuities Settlement overpayment recovery | - | (172,834) |
| Treaty Salaries legal expenses | - | (529,962) |
| | 121,084 | 2,317,639 |
| Surplus (deficit) before transfers | (507,831) | 1,398,906 |
| Transfers between programs | - | 7,795 |
| Surplus (deficit) | (507,831) | 1,406,701 |



Poundmaker Cree Nation
Other
Schedule of Segment Revenues and Expenses
For the year ended March 31, 2023

| | 2023 | 2022 |
|---|------------------|-------------|
| Revenues | | |
| Indigenous Services Canada | 3,104,642 | 1,160,144 |
| Miscellaneous | 115,935 | 20,000 |
| Ottawa Trust Fund | 102,451 | 84,261 |
| Grants and proposal funding | 25,000 | 14,997 |
| Government of Canada | - | 26,440 |
| | 3,348,028 | 1,305,842 |
| Expenses | | |
| Program | 489,517 | 245,702 |
| Prevention | 469,236 | - |
| Salaries and benefits | 314,184 | 335,277 |
| Meetings and travel | 275,116 | 117,924 |
| Membership assistance | 270,217 | 504,727 |
| Administration | 167,572 | 78,909 |
| Professional fees | 119,336 | 26,652 |
| Contracted services | 117,393 | 45,042 |
| Supplies | 79,874 | 107,778 |
| Equipment | 66,404 | 8,780 |
| Repairs and maintenance | 28,237 | 104,074 |
| Utilities and telephone | 20,358 | 6,251 |
| Amortization of tangible capital assets | 16,501 | 5,810 |
| Training | 4,875 | - |
| Insurance | 4,384 | 5,443 |
| Bank charges and interest | 400 | - |
| | 2,443,604 | 1,592,369 |
| Surplus (deficit) before other item | 904,424 | (286,527) |
| Other item | | |
| Gain on disposal of tangible capital assets | 1,200 | - |
| Surplus (deficit) before transfers | 905,624 | (286,527) |
| Transfers between programs | - | (13,120) |
| Surplus (deficit) | 905,624 | (299,647) |