
RED PHEASANT CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

RED PHEASANT CREE NATION

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MARCH 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Red Pheasant Cree Nation are the responsibility of management and have been approved by Chief and Council.

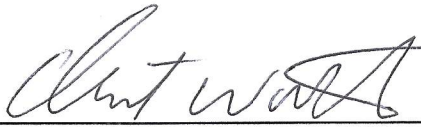
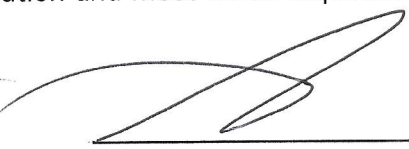



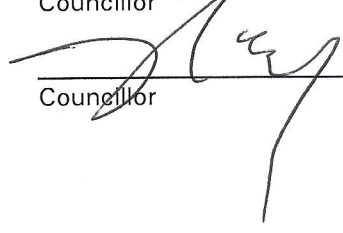
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and are ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Red Pheasant Cree Nation and meet when required.

 _____ Chief	 _____ Councillor
 _____ Councillor	 _____ Councillor
 _____ Councillor	 _____ Councillor

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Red Pheasant Cree Nation

Opinion

We have audited the accompanying consolidated financial statements of Red Pheasant Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, change in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Red Pheasant Cree Nation as at March 31, 2019, and its consolidated financial performance 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 Financial Statements section of our report. We are independent of Red Pheasant Cree Nation in accordance with the ethical requirements that are relevant to our audit of the 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.

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 Red Pheasant Cree 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 Red Pheasant Cree Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Red Pheasant Cree Nation's financial reporting process.

(continued.....)

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Red Pheasant Cree 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 Red Pheasant Cree 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 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 Red Pheasant Cree Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
July 29, 2019

RED PHEASANT CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019	2018 (Restated)
FINANCIAL ASSETS		
Cash	\$ 357,568	\$ 296,378
Restricted cash (Note 6)	179,146	2,622,288
Accounts receivable (Note 3)	386,089	591,000
Inventory	13,435	13,435
Investments	<u>936,238</u>	<u>3,523,101</u>

LIABILITIES		
Bank indebtedness		186,294
Accounts payable and accrued liabilities (Note 4)	607,560	770,934
Repayable advances - CMHC (Note 5)	194,055	
Deferred revenue (Note 15)		2,377,429
Long term debt (Note 8)	<u>4,653,482</u>	<u>4,761,670</u>
	<u>5,455,097</u>	<u>8,096,327</u>
NET DEBT	<u>(4,518,859)</u>	<u>(4,573,226)</u>

NON-FINANCIAL ASSETS		
TANGIBLE CAPITAL ASSETS (Note 16)	9,676,408	9,993,252
CONSTRUCTION IN PROGRESS (Note 5)	<u>193,512</u>	<u>-</u>
	<u>9,869,920</u>	<u>9,993,252</u>
ACCUMULATED SURPLUS (Note 7)	\$ <u>5,351,061</u>	\$ <u>5,420,026</u>
CONTINGENT LIABILITIES (Note 10)		

Approved by Chief and Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

RED PHEASANT CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 1 9	2 0 1 8 (Restated)
REVENUE			
Indigenous Services Canada	\$ 1,179,483	\$ 2,928,920	\$ 1,407,610
Ottawa Trust	482,500	94,000	355,815
Battleford Tribal Council	126,000	127,932	130,495
Battle River Treaty 6 Health Centre Inc.	34,780	116,500	164,280
Canada Mortgage and Housing Corporation		92,762	115,427
First Nations and Inuit Health Branch		132,500	216,500
First Nation Gaming Trust	700,000	771,437	797,179
Saskatchewan Indian Institute of Technologies	165,750	159,448	135,907
Other revenue	740,000	1,874,968	2,999,248
Deferred from prior year		2,377,429	
Deferred to next year			(2,377,429)
Recovered - ISC	-	(7,011)	(121,077)
	<u>3,428,513</u>	<u>8,668,885</u>	<u>3,823,955</u>
EXPENDITURES			
Administration	410,261	744,853	951,952
Reserves	95,161	99,909	99,469
Community wellness	168,820	161,534	180,567
Infrastructure	518,247	840,315	566,679
First Nation programs	1,610,000	1,795,762	2,204,642
Capital projects	167,821	1,324,591	344,534
Community and economic development	291,750	3,666,805	1,044,092
Housing	-	117,709	200,073
	<u>3,262,060</u>	<u>8,751,478</u>	<u>5,592,008</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 166,453</u>	<u>\$ (82,593)</u>	<u>\$ (1,768,053)</u>

RED PHEASANT CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

		YEAR ENDED MARCH 31	
	BUDGET (UNAUDITED)	2 0 1 9	2 0 1 8 <i>(Restated)</i>
ANNUAL DEFICIT	\$ 166,453	\$(82,593)	\$(1,768,053)
Acquisition of tangible capital assets	(238,139)	(577,870)	(238,139)
Amortization of tangible capital assets	851,232	894,714	851,232
	613,093	316,844	613,093
Acquisition of construction in progress	-	(193,512)	-
Ottawa trust revenue recorded	356,699	107,628	356,699
Ottawa trust disbursements received	(355,815)	(94,000)	(355,815)
	884	13,628	884
CHANGE IN NET DEBT FOR YEAR	780,430	54,367	(1,154,076)
NET DEBT, <i>beginning of year</i>	(2,960,243)	(4,573,226)	(3,419,150)
NET DEBT, <i>end of year</i>	<u>\$(2,179,813)</u>	<u>\$(4,518,859)</u>	<u>\$(4,573,226)</u>

RED PHEASANT CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 9	2 0 1 8
<i>OPERATING ACTIVITIES</i>		
Cash received from funding agencies	\$ 6,655,640	\$ 3,205,156
Cash received from other sources	1,894,621	432,749
Cash paid to suppliers and other	(5,747,413)	(2,815,630)
Cash paid to employees	(1,430,953)	(1,136,128)
Interest paid	(262,003)	(297,557)
	<u>1,109,892</u>	<u>(611,410)</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	(577,870)	(238,138)
Purchase of construction in progress	(193,512)	-
	<u>(771,382)</u>	<u>(238,138)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	194,055	3,475,000
Repayment of long-term debt	(105,935)	(2,799,336)
	<u>88,120</u>	<u>675,664</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	426,630	(173,884)
CASH, <i>beginning of year</i>	<u>110,084</u>	<u>283,968</u>
CASH, <i>end of year</i>	<u>\$ 536,714</u>	<u>\$ 110,084</u>
<i>CASH COMPRISED OF</i>		
Cash	\$ 357,568	\$
Restricted funds	179,146	296,378
Bank indebtedness	-	(186,294)
	<u>\$ 536,714</u>	<u>\$ 110,084</u>

RED PHEASANT CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

1. OPERATIONS

Red Pheasant Cree Nation ("the Nation") is located in the province of Saskatchewan, and provides various services to its members. The Nation's financial reporting includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

These consolidated financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation;

- Red Pheasant Cree Nation Administration
- Red Pheasant Cree Nation Housing Authority.
- Red Pheasant Cree Nation Eagle Hills Daycare Centre Inc.
- Red Pheasant Cree Nation Developments GP 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.

BASIS OF PRESENTATION

Sources of revenue and expenses are recorded using 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 the legal obligation to pay.

CASH AND CASH EQUIVALENTS

Cash sources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevents its use for current purposes is included in restricted cash.

FUNDS HELD IN OTTAWA TRUST

Funds held in the Ottawa Trust Fund on behalf of Nation members by the Government of Canada are reported as restricted cash. Trust monies consists of:

- a) Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- b) Revenue trust monies generated primarily through land transactions or interest earned on deposits held in trust.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Tangible capital assets are amortized annually using the declining balance method (except where noted) at rates intended to amortize the cost of the assets over their estimated useful lives:

Buildings	40 years	straight line
Equipment	20%	declining balance
Computer equipment	50%	declining balance
Vehicles	25%	declining balance
Furniture and fixtures	20%	declining balance
Mobile homes	18 years	straight line
Building improvements	40 years	straight line
Social housing	25 years	straight line
Infrastructure	25 years	straight line
Leased equipment	5 years	straight line

In the year of acquisition, amortization is taken at one-half of the above rates.

NET DEBT

The Cree Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Cree Nation is determined by its liabilities less its financial assets.

LONG-LIVED ASSETS

Long-lived assets consists of tangible capital assets. Long-lived assets held for use 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 the asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

NON-FINANCIAL ASSETS

The Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

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 comprises a second indicator of financial position, accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**REVENUE RECOGNITION*

Government transfer revenue is recognized as it becomes receivable under the terms of applicable agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence.

Other revenue is recognized by the Nation when services are provided or goods are shipped.

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

EMPLOYEE FUTURE BENEFITS

The Nation's employee future benefit program consists of a defined contribution pension plan. Nation contributions to the defined contribution plan are expensed as incurred.

PROVISION FOR SITE REHABILITATION

Environmental law requires appropriate closure and post-closure care of landfill sites. This would include covering and landscaping of the site, ongoing environmental monitoring, site inspection and maintenance. No liability has been recorded as of March 31, 2019 as funding from agencies will offset any cost associated with the closure of landfill sites.

SEGMENTS

The Nation conducts its business through eight reportable segments as identified in Note 12. 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, revenue 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

FINANCIAL INSTRUMENTS

Financial instruments include cash, investments, accounts receivable, accounts payable and accrued liabilities. Unless otherwise stated, it is management's opinion that Red Pheasant Cree Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the financial assets and liabilities approximates their fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**MEASUREMENT UNCERTAINTY*

The preparation of the 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 financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after estimates as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

3. ACCOUNTS RECEIVABLE

	2 0 1 9	2 0 1 8
Trade receivable	\$ 60,215	\$ 63,970
Canada Mortgage and Housing Corporation	6,490	24,005
Enbridge	250,000	87,500
Indigenous Services Canada		2,377,429
Battle River Treaty 6 Health Centre Inc.	<u>69,384</u>	<u>69,384</u>
	<u>\$ 386,089</u>	<u>\$ 2,622,288</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 9	2 0 1 8
Trade payables and accrued liabilities	\$ 484,206	\$ 603,805
Indigenous Services Canada	83,132	119,173
Payroll liabilities	<u>40,222</u>	<u>47,956</u>
	<u>\$ 607,560</u>	<u>\$ 770,934</u>

5. CONSTRUCTION IN PROGRESS AND REPAYABLE ADVANCES

During the year, RPCN Housing Authority was involved in the construction of 4 unit Section 95 Housing Project. The total cost of \$193,512, incurred as at March 31, 2019, is deferred until the subsequent year, when the project will be completed.

Canada Mortgage and Housing Corporation advanced \$194,055 of the total mortgage proceeds of \$776,221 towards the construction of the project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

6. RESTRICTED CASH

	2 0 1 9	2 0 1 8
Ottawa Trust	\$ 84,219	\$ 70,591
Capital projects - Affinity Credit Union		4,586
Funded reserves - First Nations Bank	<u>94,927</u>	<u>221,201</u>
	<u>\$ 179,146</u>	<u>\$ 296,378</u>

7. ACCUMULATED SURPLUS

	2 0 1 9	2 0 1 8 (Restated)
Unrestricted	\$ 5,266,842	\$ 5,349,435
Restricted- Ottawa Trust	<u>84,219</u>	<u>70,591</u>
	<u>\$ 5,351,061</u>	<u>\$ 5,420,026</u>

UNRESTRICTED

	2 0 1 9	2 0 1 8 (Restated)
Opening balance, as previously reported	\$ 7,726,864	\$ 7,117,488
Prior period adjustment (Note 15)	<u>(2,377,429)</u>	<u>-</u>
As restated	5,349,435	7,117,488
Annual deficit	<u>(82,593)</u>	<u>(1,768,053)</u>
	<u>\$ 5,266,842</u>	<u>\$ 5,349,435</u>

RESTRICTED - OTTAWA TRUST

	2 0 1 9	2 0 1 8
Opening balance	\$ 70,591	\$ 69,707
Income - net of disbursements	<u>13,628</u>	<u>884</u>
	<u>\$ 84,219</u>	<u>\$ 70,591</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

8. LONG TERM DEBT

	2019	2018
First Nations Bank - repayable in quarterly installments of \$86,875 plus interest at 5.20%. Matures in January 2023.	\$ 3,027,500	\$ 3,375,000
First Nations Bank - repayable in quarterly installments at interest 5.80%. Matures in January 2022.	162,250	
Canada Mortgage and Housing Corporation; repaid in full		2,253
CMHC - repayable in monthly installments of \$6,011. Interest at 1.48% compounded monthly. Secured by a loan guarantee from Indigenous and Northern Affairs Canada.	842,782	901,997
Maurice Law - unencumbered interest free loan, repayable from the proceeds of settlement from the treaty annuities claim.	350,000	350,000
John Deere Capital Lease - monthly lease payments \$4,195. Implicit interest a 5.29% per annum.	170,692	
John Deere Capital Lease - monthly lease payments \$2,123. Implicit interest a 2.96% per annum.	66,294	89,436
John Deere Capital Lease - monthly lease payments \$857. Implicit interest a 3.25% per annum.	<u>33,964</u>	<u>42,984</u>
	<u>\$ 4,653,482</u>	<u>\$ 4,761,670</u>

The estimated annual principal payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2020	\$ 372,155
2021	389,291
2022	430,933
2023	284,670
2024	292,071
Thereafter	<u>2,884,362</u>
	<u>\$ 4,653,482</u>

9. BUDGET INFORMATION

The disclosed budget information has been approved by the Chief and Council of Red Pheasant Cree Nation. The budget figures have not been audited, reviewed or otherwise verified and consequently we do not express an opinion on them.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

10. CONTINGENT LIABILITIES

The Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2019 might be recovered by these agencies.

A claim has been filed with the Court of Queen's Bench and the outcome was not certain as of March 31, 2019. Red Pheasant Cree Nation versus Downer Holdings Inc. and D.C. Gravel Inc.: The Plaintiffs have commenced an action against the Nation for the sum of \$285,000. Following a Trial in the Court of Queen's Bench in September 2012, a portion of the claim was found to be unenforceable. A portion of the claim remains unresolved totaling sums in excess of \$50,000. The First Nation has counter-claimed against the Plaintiffs in the sum of \$4,281,500. The action is currently dormant.

A claim has been filed with the Federal Court of Canada and the outcome was not certain as of March 31, 2019. The claim involves a litigation lawsuit - the Applicant is Michelled Good and one of the named Respondents is Red Pheasant Cree Nation. While no monetary amount is claimed, the costs are agreed at \$100,000 if the Plaintiff is successful.

11. ECONOMIC DEPENDENCE

The Nation receives a majority of its revenue from Indigenous Services Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

12. SEGMENTS

The Nation has eight 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.

Infrastructure - includes improving and maintenance of the Community and its infrastructure.

Capital Projects - includes activities related to major improvements and renovations in the Community.

Community Wellness - reports on the Nation's funding related to health and wellness.

Community and Economic Development - includes activities related to the economic development of the community, including its commercial operations.

Housing - includes activities related to the development and sustainment of on-reserve housing.

First Nation programs - activities include delivering recreational activities.

Reserves - includes resources that are to be used in the case of emergency.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

13. RECONCILIATION OF INAC FUNDING

	2 0 1 9	2 0 1 8
ISC funding per financial statements and confirmation	\$ 2,928,920	\$ 1,407,610
Treaty Annuities - Deferred from prior year (Note 15)	<u>2,377,429</u>	<u>-</u>
ISC funding per funding confirmation	<u>\$ 5,306,349</u>	<u>\$ 1,407,610</u>

14. CONSOLIDATED EXPENDITURES BY OBJECT

	2 0 1 9	2 0 1 8
Amortization	\$ 894,714	\$ 851,232
Bank charges and interest	262,003	297,557
Compensation	1,430,953	1,136,128
Financial assistance	349,244	133,234
Purchased goods and services	4,807,311	2,660,301
Travel and accommodation	830,973	428,369
Training	<u>176,280</u>	<u>85,187</u>
	<u>\$ 8,751,478</u>	<u>\$ 5,592,008</u>

15. PRIOR PERIOD ADJUSTMENT

Prior period adjustment relates to the overstatement of revenue and understatement of deferred revenue in the amount of \$2,377,429. In the fiscal year 2018-19, the management of Red Pheasant Cree Nation has discovered the error in the 2017-18 consolidated financial statements, whereby the ISC revenue in the amount of \$2,377,429, while receivable, was not deferred into the following fiscal year, when it has been received and expended. As a result, the opening balance of liabilities, accumulated surplus and related revenue has been adjusted for the difference reported and the comparative figures have been restated accordingly.

	Previously reported	Adjustment	Restated
Liabilities	\$ 5,718,898	\$ 2,377,429	\$ 8,096,327
Net debt	(2,195,797)	(2,377,429)	(4,573,226)
Accumulated surplus	7,797,455	(2,377,429)	5,420,026
Annual surplus (deficit)	609,376	(2,377,429)	(1,768,053)
Revenue	6,201,384	(2,377,429)	3,823,955

RED PHEASANT CREE NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

16. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2 0 1 9	Total 2 0 1 8
Buildings	\$ 3,772,545	\$	\$ 3,772,545	\$ 1,931,894	\$ 94,314	\$ 2,026,208	\$ 1,746,337	\$ 1,840,651
CMHC Housing	3,563,259	(541,553)	3,021,706	1,632,018	59,215	1,691,233	1,330,473	1,931,241
Infrastructure	4,518,357		4,518,357	2,673,655	180,734	2,854,389	1,663,968	1,844,702
Equipment	1,558,533	412,870	1,971,403	1,088,908	141,813	1,230,721	740,682	469,625
Band Hall	1,373,405		1,373,405	341,634	34,335	375,969	997,436	1,031,771
Arena	2,221,683		2,221,683	1,376,453	55,542	1,431,995	789,688	845,230
Social Housing	5,298,828	541,553	5,840,381	3,678,119	256,205	3,934,324	1,906,057	1,620,709
Mobile Homes	366,105	165,000	531,105	129,989	29,505	159,494	371,611	236,116
Vehicles	349,262		349,262	177,055	43,051	220,106	129,156	172,207
Land	1,000	-	1,000	-	-	-	1,000	1,000
	<u>\$ 23,022,977</u>	<u>\$ 577,870</u>	<u>\$ 23,600,847</u>	<u>\$ 13,029,725</u>	<u>\$ 894,714</u>	<u>\$ 13,924,439</u>	<u>\$ 9,676,408</u>	<u>\$ 9,993,252</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2019**

17. COMPARATIVE FIGURES

Certain prior year's comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

18. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>Capital</u>	<u>2019 Total</u>	<u>Operating</u>	<u>Capital</u>	<u>2018 Total</u>
Federal Government Transfers						
ISC	\$ 3,600,080	\$ 1,706,269	\$ 5,306,349	\$ 1,139,479	\$ 268,131	\$ 1,407,610
FNIH	132,500		132,500	132,500	84,000	216,500
CMHC	<u>92,764</u>	<u>-</u>	<u>92,764</u>	<u>115,427</u>	<u>-</u>	<u>115,427</u>
	<u>\$ 3,825,344</u>	<u>\$ 1,706,269</u>	<u>\$ 5,531,613</u>	<u>\$ 1,387,406</u>	<u>\$ 352,131</u>	<u>\$ 1,739,537</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

19. SEGMENTED DISCLOSURE

	Administration		Reserves		Community Wellness	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Federal Government						
ISC	\$ 530,264	\$ 601,027	\$ 95,142	\$ 95,161	\$	\$
FNIHB					132,500	216,500
CMHC						
ISC recovery	(7,011)	(121,077)	-	-	-	-
Subtotal	523,253	479,950	95,142	95,161	132,500	216,500
Other revenue	-	-	-	-	38,500	34,780
Total revenue	523,253	479,950	95,142	95,161	171,000	251,280
Expenditures						
Amortization						
Debt servicing	183,866	231,206				
Other	483,540	480,546	27,347	26,768	37,178	50,621
Salaries and benefits	58,779	240,200	70,061	72,701	134,356	129,946
Total expenditures	726,185	951,952	97,408	99,469	171,534	180,567
Surplus (Deficit)	\$ (202,932)	\$ (472,002)	\$ (2,266)	\$ (4,308)	\$ (534)	\$ 70,713

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

	Infrastructure		First Nation Programs		Capital Projects	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Federal Government						
ISC	\$ 605,564	\$ 443,291	\$	\$	\$ 1,299,131	\$ 268,131
FNIHB						
CMHC						
ISC recovery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	605,564	443,291			1,299,131	268,131
Other revenue	<u>-</u>	<u>-</u>	<u>3,247,264</u>	<u>3,784,942</u>	<u>-</u>	<u>-</u>
Total revenue	<u>605,564</u>	<u>443,291</u>	<u>3,247,264</u>	<u>3,784,942</u>	<u>1,299,131</u>	<u>268,131</u>
Expenditures						
Amortization	83,550	74,910	751,949	674,196		
Debt servicing			14,129	52,174		
Other	282,644	410,772	1,418,428	1,049,151	1,308,525	344,534
Salaries and benefits	<u>474,120</u>	<u>80,997</u>	<u>371,773</u>	<u>429,121</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>840,314</u>	<u>566,679</u>	<u>2,556,279</u>	<u>2,204,642</u>	<u>1,308,525</u>	<u>344,534</u>
Surplus (Deficit)	<u><u>\$ (234,750)</u></u>	<u><u>\$ (123,388)</u></u>	<u><u>\$ 690,985</u></u>	<u><u>\$ 1,580,300</u></u>	<u><u>\$ (9,394)</u></u>	<u><u>\$ (76,403)</u></u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

	Community and Economic Development		Housing		TOTAL	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Federal Government						
ISC	\$ 398,819	\$	\$	\$	\$ 2,928,920	\$ 1,407,610
FNIHB					132,500	216,500
CMHC			92,762	115,427	92,762	115,427
ISC recovery	-	-	-	-	(7,011)	(121,077)
Subtotal	398,819	-	92,762	115,427	3,147,171	1,618,460
Other revenue	<u>2,235,950</u>	<u>(1,698,853)</u>	<u>-</u>	<u>84,626</u>	<u>5,521,714</u>	<u>2,205,495</u>
Total revenue	<u>2,634,769</u>	<u>(1,698,853)</u>	<u>92,762</u>	<u>200,053</u>	<u>8,668,885</u>	<u>3,823,955</u>
Expenditures						
Amortization			59,215	102,126	894,714	851,232
Debt servicing	51,096		12,912	14,177	262,003	297,557
Other	2,560,560	860,929	45,586	83,770	6,163,808	3,307,091
Salaries and benefits	<u>321,864</u>	<u>183,163</u>	<u>-</u>	<u>-</u>	<u>1,430,953</u>	<u>1,136,128</u>
Total expenditures	<u>2,933,520</u>	<u>1,044,092</u>	<u>117,713</u>	<u>200,073</u>	<u>8,751,478</u>	<u>5,592,008</u>
Surplus (Deficit)	<u>\$ (298,751)</u>	<u>\$ (2,742,945)</u>	<u>\$ (24,951)</u>	<u>\$ (20)</u>	<u>\$ (82,593)</u>	<u>\$ (1,768,053)</u>