
RED PHEASANT CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

RED PHEASANT CREE NATION

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MARCH 31, 2020

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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.

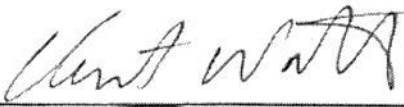
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments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

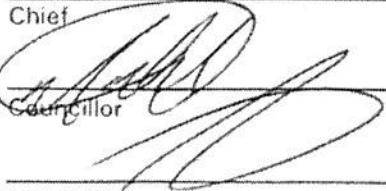
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.


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.

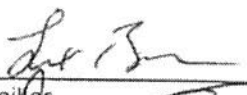
The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Red Pheasant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

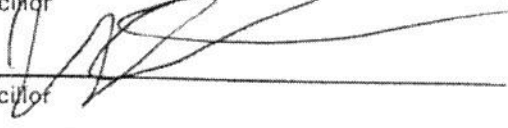


Chief


Councillor


Councillor



Councillor


Councillor

Councillor

INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Membership
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, 2020, 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, 2020, 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
October 19, 2020

RED PHEASANT CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2020	2019 (Restated)
FINANCIAL ASSETS		
Cash	\$ 414,226	\$ 266,173
Restricted cash (Note 3)	599,516	179,146
Accounts receivable (Note 4)	542,143	401,739
Investments	<u>13,435</u>	<u>13,435</u>
	<u>1,569,320</u>	<u>860,493</u>

LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	684,023	649,837
Repayable advances - CMHC (Note 6)	860,302	194,055
Deferred revenue (Note 18)	932,821	44,381
Long term debt (Note 8)	<u>9,438,184</u>	<u>4,653,482</u>
	<u>11,915,330</u>	<u>5,541,755</u>
NET DEBT	<u>(10,346,010)</u>	<u>(4,681,262)</u>

NON-FINANCIAL ASSETS		
TANGIBLE CAPITAL ASSETS (Note 16)	15,322,890	9,707,494
PREPAID EXPENSES	56,515	59,484
CONSTRUCTION IN PROGRESS (Note 6)	<u>859,757</u>	<u>193,512</u>
	<u>16,239,162</u>	<u>9,960,490</u>
ACCUMULATED SURPLUS (Note 7)	\$ <u>5,893,152</u>	\$ <u>5,279,228</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)	2020	2019 (Restated)
REVENUE			
Indigenous Services Canada	\$10,250,000	\$10,255,931	\$ 5,714,144
Treaty Six Education Council	50,000	49,576	333,846
Ottawa Trust	100,000	100,000	94,000
Battleford Tribal Council	250,000	248,716	127,932
Battle River Treaty 6 Health Centre Inc.	270,000	270,275	116,500
Canada Mortgage and Housing Corporation	77,887	77,887	92,762
First Nations and Inuit Health Branch			132,500
First Nation Gaming Trust	750,000	753,183	771,437
Saskatchewan Indian Institute of Technologies	170,000	169,923	159,448
Other revenue	2,750,000	2,742,207	1,916,639
Deferred from prior year (Note 19)	44,831	44,381	2,377,429
Deferred to next year (Note 19)		(932,821)	(44,381)
Recovered - ISC	-	(41,905)	(7,011)
	<u>14,712,718</u>	<u>13,737,353</u>	<u>11,785,245</u>
EXPENDITURES			
Administration	485,000	486,925	594,853
Education	4,500,000	4,468,680	3,188,193
Reserves	100,000	100,443	99,909
Community wellness	1,220,000	1,219,055	161,534
Infrastructure	850,000	952,837	840,315
First Nation programs	1,850,000	1,891,278	1,945,762
Capital projects	1,325,000	843,910	1,324,591
Community and economic development	3,650,000	3,054,537	3,666,805
Housing	<u>118,000</u>	<u>102,886</u>	<u>117,709</u>
	<u>14,098,000</u>	<u>13,120,551</u>	<u>11,939,671</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>614,718</u>	\$ <u>616,802</u>	\$ (<u>154,426</u>)

RED PHEASANT CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

		YEAR ENDED MARCH 31	
	BUDGET (UNAUDITED)	2020	2019 <i>(Restated)</i>
ANNUAL DEFICIT	\$ 664,718	\$ 616,802	\$ (154,426)
Acquisition of tangible capital assets	(6,600,000)	(6,616,442)	(617,868)
Amortization of tangible capital assets	1,000,000	1,001,046	903,626
	(5,600,000)	(5,615,396)	285,758
Acquisition of construction in progress	(670,000)	(666,245)	(193,512)
(Acquisition) use of prepaid expenses	-	2,969	(59,484)
Ottawa trust revenue recorded	100,000	97,122	107,628
Ottawa trust disbursements received	(100,000)	(100,000)	(94,000)
	-	(2,878)	13,628
CHANGE IN NET DEBT FOR YEAR	(5,605,282)	(5,664,748)	(108,036)
NET DEBT, <i>beginning of year</i>	(4,681,262)	(4,681,262)	(4,573,226)
NET DEBT, <i>end of year</i>	<u>\$(10,286,544)</u>	<u>\$(10,346,010)</u>	<u>\$(4,681,262)</u>

RED PHEASANT CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2020	2019 (Restated)
<i>OPERATING ACTIVITIES</i>		
Cash received from funding agencies	\$ 11,728,238	\$ 9,714,678
Cash received from other sources	2,835,299	1,922,665
Cash paid to suppliers and other	(8,898,879)	(7,354,607)
Cash paid to employees	(2,913,660)	(2,970,636)
Interest paid	(347,957)	(267,232)
	<u>2,403,041</u>	<u>1,044,868</u>
<i>INVESTING ACTIVITIES</i>		
Purchase of tangible capital assets	(6,616,442)	(617,868)
Purchase of construction in progress	(666,246)	(193,512)
Ottawa trust - net	(2,879)	13,627
	<u>(7,285,567)</u>	<u>(797,753)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	8,776,247	194,055
Repayment of long-term debt	(3,325,298)	(105,935)
	<u>5,450,949</u>	<u>88,120</u>
NET INCREASE IN CASH DURING YEAR	568,423	335,235
CASH, <i>beginning of year</i>	<u>445,319</u>	<u>110,084</u>
CASH, <i>end of year</i>	\$ <u>1,013,742</u>	\$ <u>445,319</u>
<i>CASH COMPRISED OF</i>		
Cash	\$ 414,226	\$ 266,173
Restricted funds	<u>599,516</u>	<u>179,146</u>
	\$ <u>1,013,742</u>	\$ <u>445,319</u>

RED PHEASANT CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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 Education Inc.
- 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 Cree 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, 2020

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	30%	declining balance
Furniture and fixtures	20%	declining balance
Mobile homes	25 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 Cree 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 Cree 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 Cree Nation's consolidated 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 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, 2020

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 Cree 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 Cree 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, 2020 as funding from agencies will offset any cost associated with the closure of landfill sites.

SEGMENTS

The Cree Nation conducts its business through nine 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, 2020

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. RESTRICTED CASH

	2020	2019
Secured Revenues Trust Account - First Nation Finance Authority	\$ 410,594	\$
Ottawa Trust	81,340	84,219
Funded reserves - CMHC	<u>107,582</u>	<u>94,927</u>
	<u>\$ 599,516</u>	<u>\$ 179,146</u>

4. ACCOUNTS RECEIVABLE

	2020	2019 (Restated)
Trade receivable	\$ 324,949	\$ 315,208
Canada Mortgage and Housing Corporation	6,490	6,490
SITAG	33,411	
Indigenous Services Canada	158,400	
Battle River Treaty 6 Health Centre Inc.	6,539	69,384
Treaty Six Education Council Inc.	<u>12,354</u>	<u>10,657</u>
	<u>\$ 542,143</u>	<u>\$ 401,739</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019 (Restated)
Trade payables and accrued liabilities	\$ 573,877	\$ 526,483
Indigenous Services Canada	87,140	83,132
Payroll liabilities	<u>23,006</u>	<u>40,222</u>
	<u>\$ 684,023</u>	<u>\$ 649,837</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

6. CONSTRUCTION IN PROGRESS AND REPAYABLE ADVANCES

During the year, Red Pheasant Cree Nation Housing Authority was involved in the construction of two Section 95 Housing Projects. The total cost of \$859,757 incurred as at March 31, 2020, is deferred until the subsequent year, when the projects will be completed.

As of March 31, 2020 Canada Mortgage and Housing Corporation advanced \$860,302 of the total mortgage proceeds of \$1,253,321 towards the construction of these projects.

7. ACCUMULATED SURPLUS

	2020	2019 (Restated)
Unrestricted	\$ 5,811,811	\$ 5,195,009
Restricted- Ottawa Trust	<u>81,341</u>	<u>84,219</u>
	<u>\$ 5,893,152</u>	<u>\$ 5,279,228</u>

UNRESTRICTED

	2020	2019 (Restated)
Opening balance, as previously reported	\$ 5,266,842	\$ 5,349,435
Prior period adjustment (Note 15)	<u>(71,833)</u>	<u>-</u>
As restated	5,195,009	5,349,435
Annual surplus (deficit)	<u>616,802</u>	<u>(154,426)</u>
	<u>\$ 5,811,811</u>	<u>\$ 5,195,009</u>

RESTRICTED - OTTAWA TRUST

	2020	2019
Opening balance	\$ 84,219	\$ 70,591
Income - net of disbursements	<u>(2,878)</u>	<u>13,628</u>
	<u>\$ 81,341</u>	<u>\$ 84,219</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

8. LONG TERM DEBT

	2020	2019
First Nations Bank - consolidation loan; repaid in full during the year.	\$	\$ 3,189,750
First Nation Finance Authority - demand loan repayable in monthly installments of \$35,997 including interest at 2.72% compounded monthly. Secured by First Nations Trust revenue and fuel and tobacco tax rebates.	8,110,000	
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.	782,714	842,782
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.	128,365	170,692
John Deere Capital Lease - monthly lease payments \$2,123. Implicit interest a 2.96% per annum.	42,457	66,294
John Deere Capital Lease - monthly lease payments \$857. Implicit interest a 3.25% per annum.	<u>24,648</u>	<u>33,964</u>
	<u>\$ 9,438,184</u>	<u>\$ 4,653,482</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, 2021	\$ 298,280
2022	330,508
2023	298,328
2024	257,478
2025	258,427
Thereafter	<u>7,995,163</u>
	<u>\$ 9,438,184</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, 2020

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, 2020 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, 2020. 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.

Mr. Peyachew - Transportation Clerk retired on July 31, 2019 and made a claim for 15 years of owed vacation pay totaling \$60,000. Mr. Peyachew is limited to a claim for two years of vacation pay if able to establish that it is owing to him. The action had not commenced as at the balance sheet date.

A claim has been filed by Mary Linda Whitford with the Federal Court of Canada against Red Pheasant Cree Nation Council to set aside the election results of March 2020 election. No monetary value has been claimed and the outcome was not certain as of March 31, 2020.

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.

Education - includes the operations of the education programs

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 Cree 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, 2020

13. RECONCILIATION OF INAC FUNDING

	2020	2019 (Restated)
ISC funding per financial statements	\$ <u>9,367,941</u>	\$ <u>5,669,763</u>
Less: prior year deferred revenue		
ISC - Feasibility Study	(<u>44,831</u>)	-
Add: current year deferred revenue		
ISC - Feasibility Study	9,876	44,381
ISC - Jordan's Principle	22,945	
ISC - School renovations	820,000	
ISC - Water < 1.5M	<u>80,000</u>	-
	<u>932,821</u>	<u>44,381</u>
ISC funding per funding confirmation	\$ <u>10,255,931</u>	\$ <u>5,714,144</u>

14. CONSOLIDATED EXPENDITURES BY OBJECT

	2020	2019 (Restated)
Amortization	\$ <u>1,001,046</u>	\$ 903,626
Bank charges and interest	<u>347,957</u>	267,232
Community support	<u>1,676,124</u>	1,426,131
Compensation	<u>2,913,660</u>	2,970,636
Contracts	<u>1,637,347</u>	1,276,120
Office and administration	<u>165,203</u>	156,546
Professional fees	<u>967,136</u>	783,548
Purchased goods and services	<u>1,436,095</u>	1,366,326
Repairs and maintenance	<u>719,506</u>	766,409
Student support	<u>1,498,402</u>	1,041,991
Training	<u>137,144</u>	150,133
Travel and accommodations	<u>620,931</u>	<u>830,973</u>
	<u>\$13,120,551</u>	<u>\$11,939,671</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

15. PRIOR PERIOD ADJUSTMENT

In the fiscal year 2019-20 the management of Red Pheasant Cree Nation had changed its accounting policy and included operations of Red Pheasant Cree Nation Education Inc. in its consolidated financial statements ended March 31, 2020. The net effect of the change was a reduction in the accumulated surplus of \$71,388 which corresponds to the accumulated deficit reported for the year ended March 31, 2019 by the Red Pheasant Cree Nation Education Inc. As a result, the opening balances of assets, liabilities, and accumulated surplus have been adjusted for the differences reported and the comparative figures have been restated accordingly.

	Previously reported	Adjustment	Restated
Financial Assets	\$ 936,238	\$ (75,745)	\$ 860,493
Non-Financial Assets	9,869,920	90,570	9,960,490
Liabilities	5,455,097	86,658	5,541,755
Net debt	(4,518,859)	(162,403)	(4,681,262)
Accumulated surplus	5,351,061	(71,833)	5,279,228
Annual surplus (deficit)	(82,593)	(71,833)	(154,426)
Rvenues	8,668,885	3,116,360	1,785,245
Expenditures	8,751,478	3,188,193	1,939,671

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

16. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2020	Total 2019 (Restated)
Buildings	\$ 3,772,545	\$ 2,972,548	\$ 6,745,093	\$ 2,026,208	\$ 168,630	\$ 2,194,838	\$ 4,550,255	\$ 1,746,337
CMHC Housing	1,802,101		1,802,101	471,620	60,059	531,679	1,270,422	1,330,481
Infrastructure	4,518,357	2,114,739	6,633,096	2,854,391	165,828	3,020,219	3,612,877	1,663,966
Equipment	2,004,095	1,377,018	3,381,113	1,232,330	287,778	1,520,108	1,861,005	771,765
Farm Equipment		152,137	152,137		15,213	15,213	136,924	
Band Hall	1,373,405		1,373,405	375,970	34,335	410,305	963,100	997,435
Arena	2,221,683		2,221,683	1,431,996	55,542	1,487,538	734,145	789,687
Social Housing	6,405,128		6,405,128	4,499,071	160,128	4,659,199	1,745,929	1,906,057
Mobile Homes	531,105		531,105	159,495	21,244	180,739	350,366	371,610
Vehicles	349,262		349,262	220,106	32,289	252,395	96,867	129,156
Land	1,000	-	1,000	-	-	-	1,000	1,000
	<u>\$ 22,978,681</u>	<u>\$ 6,616,442</u>	<u>\$ 29,595,123</u>	<u>\$ 13,271,187</u>	<u>\$ 1,001,046</u>	<u>\$ 14,272,233</u>	<u>\$ 15,322,890</u>	<u>\$ 9,707,494</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

17. COMPARATIVE FIGURES

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

18. DEFERRED REVENUE

	2020	2019 (Restated)
Indigenous Services Canada		
School Renovations	\$ 820,000	\$ -
Water < 1.5M	80,000	
Jordan's Principle	22,945	
Feasibility Study	<u>9,876</u>	<u>44,381</u>
	<u>\$ 932,821</u>	<u>\$ 44,381</u>

19. SUBSEQUENT EVENT

COVID-19

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the Cree Nation. The duration and impact of COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments .

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

19. SEGMENTED DISCLOSURE

	Administration		Reserves		Community Wellness	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues						
Federal Government						
ISC	\$ 412,578	\$ 530,264	\$ 95,182	\$ 95,142	\$ 1,131,864	\$
FNIHB						132,500
CMHC						
ISC recovery	(41,905)	(7,011)	-	-	-	-
Subtotal	370,673	523,253	95,182	95,142	1,131,864	132,500
Other revenue	-	-	-	-	84,289	38,500
Total revenue	<u>370,673</u>	<u>523,253</u>	<u>95,182</u>	<u>95,142</u>	<u>1,216,153</u>	<u>171,000</u>
Expenditures						
Amortization						
Debt servicing	28,232	33,866				
Other	251,643	502,208	32,185	29,848	681,133	27,178
Salaries and benefits	<u>207,050</u>	<u>58,779</u>	<u>68,258</u>	<u>70,061</u>	<u>537,922</u>	<u>134,356</u>
Total expenditures	<u>486,925</u>	<u>594,853</u>	<u>100,443</u>	<u>99,909</u>	<u>1,219,055</u>	<u>161,534</u>
Surplus (Deficit)	<u>\$(116,252)</u>	<u>\$(71,600)</u>	<u>\$(5,261)</u>	<u>\$(4,767)</u>	<u>\$(2,902)</u>	<u>\$ 9,466</u>

RED PHEASANT CREE NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

	Infrastructure		First Nation Programs		Capital Projects	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Federal Government						
ISC	\$ 963,361	\$ 605,564	\$	\$	\$ 350,000	\$ 1,299,131
FNIHB						
CMHC						
Deferred (to) from next year	(80,000)					
ISC recovery	-	-	-	-	-	-
Subtotal	883,361	605,564			350,000	1,299,131
Other revenue	-	-	2,402,421	3,247,263	-	-
Total revenue	883,361	605,564	2,402,421	3,247,263	350,000	1,299,131
Expenditures						
Amortization	91,892	83,550			827,024	751,949
Debt servicing			288,560	164,129		
Other	756,988	282,645	1,363,766	1,409,860	16,886	572,642
Salaries and benefits	103,957	474,120	238,952	371,773	-	-
Total expenditures	952,837	840,315	1,891,278	1,945,762	843,910	1,324,591
Surplus (Deficit)	\$ (69,476)	\$ (234,751)	\$ 511,143	\$ 1,301,501	\$ (493,910)	\$ (25,460)

RED PHEASANT CREE NATION

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

	Education		Community and Economic Development		Housing		TOTAL	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u> (Restated)
Revenues								
Federal Government								
ISC	\$ 5,576,416	\$ 2,785,224	\$ 1,726,530	\$ 398,819	\$	\$	\$ 10,255,931	\$ 5,714,144
FNIHB								132,500
CMHC					77,887	92,762	77,887	92,762
Deferred (to) from next year	(808,440)	(44,381)					(888,440)	(44,381)
ISC recovery	-	-	-	-	-	-	(41,905)	(7,011)
Subtotal	4,767,976	2,740,843	1,726,530	398,819	77,887	92,762	9,403,473	5,888,014
Other revenue	165,831	375,518	1,681,339	2,235,950	-	-	4,333,880	5,897,231
Total revenue	4,933,807	3,116,361	3,407,869	2,634,769	77,887	92,762	13,737,353	11,785,245
Expenditures								
Amortization	6,856	8,912	15,215		60,059	59,215	1,001,046	903,626
Debt servicing	2,805	5,229	16,300	51,096	12,060	12,912	347,957	267,232
Other	2,912,816	1,634,369	2,811,704	3,293,845	30,767	45,582	8,857,888	7,798,177
Salaries and benefits	1,546,203	1,539,683	211,318	321,864	-	-	2,913,660	2,970,636
Total expenditures	4,468,680	3,188,193	3,054,537	3,666,805	102,886	117,709	13,120,551	11,939,671
Surplus (Deficit)	\$ 465,127	\$ (71,832)	\$ 353,332	\$ (1,032,036)	\$ (24,999)	\$ (24,947)	\$ 616,802	\$ (154,426)