



Sweetgrass First Nation
Consolidated Financial Statements
March 31, 2019



Sweetgrass First Nation

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For the year ended March 31, 2019

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To the Members of Sweetgrass First Nation:

Management is responsible for the preparation and presentation of the accompanying 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 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 financial statements.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for appointing the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the financial statements and report directly to the Members of Sweetgrass First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

July 11, 2019

Signed by: Juliano Tupone

Management

To the Members of Sweetgrass First Nation:

Opinion

We have audited the consolidated financial statements of Sweetgrass First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, change 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 and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First 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.

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 First 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 First Nation or to cease operations, or has no realistic alternative but to do so.

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

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

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

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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report

- 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 First 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 First 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 First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Saskatoon, Saskatchewan

July 11, 2019

MNP LLP

Chartered Professional Accountants



Sweetgrass First Nation

Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
Financial assets		
Current		
Cash resources	622,027	42,888
Restricted cash (Note 5)	6,149,089	1,449,810
Accounts receivable (Note 6)	596,222	363,020
Portfolio investments (Note 7)	1,011	66,978
	7,368,349	1,922,696
Investment in First Nation business entity (Note 4)	-	690,748
Funds held in Ottawa Trust Fund (Note 8)	126,450	34,689
Total financial assets	7,494,799	2,648,133
Liabilities		
Current		
Bank indebtedness (Note 9)	357,672	317,750
Accounts payable and accruals	623,995	572,960
Deferred revenue (Note 10)	6,325,690	1,488,637
Current portion of long-term debt (Note 11)	433,785	408,882
Term loan subject to refinancing (Note 11)	1,414,526	2,222,526
	9,155,668	5,010,755
Long-term debt (Note 11)	2,849,607	3,203,197
Total financial liabilities	12,005,275	8,213,952
Net debt	(4,510,476)	(5,565,819)
Subsequent events (Note 17)		
Non-financial assets		
Tangible capital assets (Note 12)	17,731,817	17,261,802
Accumulated surplus (Note 18)	13,221,341	11,695,983

Approved on behalf of Chief and Council

Signed by: Laurence Paskemin

Chief

Signed by: Lavina Adams

Councillor



Sweetgrass First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2019

	2019 Budget (Note 15)	2019 Actual	2018 Actual
Revenues			
Indigenous Services Canada (Note 20)	5,786,536	4,460,854	4,584,834
First Nations Trust	630,000	619,396	633,944
Rental	516,000	575,893	631,080
Other	712,077	471,360	658,376
Treaty Land Entitlement Trust	400,000	372,185	404,152
Canada Mortgage and Housing Corporation	348,000	336,906	222,423
Saskatchewan Indian Institute of Technologies	-	255,257	161,878
CMHC rent	-	115,659	148,663
Battleford Agency Tribal Chiefs - CDC	-	111,477	110,400
Battlefords Agency Tribal Chiefs Inc.	-	79,265	-
Legacy Trust - annual payment	-	59,002	-
Insurance	-	4,421	164,361
Loss from investment in First Nation business entity (Note 4)	(20,000)	-	(33,382)
	8,372,613	7,461,675	7,686,729
Program expenses			
Band Government Support	549,069	754,043	552,602
Capital	920,144	495,503	195,933
Community Development	1,222,600	1,129,499	2,086,712
Education	2,048,433	2,164,648	2,062,534
Lands and Trust	196,146	199,194	196,768
Other	966,000	621,781	1,072,321
Ottawa Trust Fund	323,000	273,236	425,096
Own Source	1,169,200	966,351	1,421,059
Total expenses	7,394,592	6,604,255	8,013,025
Surplus (deficit) before other item	978,021	857,420	(326,296)
Other item (Note 13)			
Treaty annuities settlement	-	6,565,825	-
Treaty annuities expenses	-	(5,897,887)	-
	-	667,938	-
Annual surplus (deficit)	978,021	1,525,358	(326,296)
Accumulated surplus, beginning of year	11,695,983	11,695,983	12,022,279
Accumulated surplus, end of year	12,674,004	13,221,341	11,695,983

The accompanying notes are an integral part of these financial statements



Sweetgrass First Nation

Consolidated Statement of Change in Net Debt

For the year ended March 31, 2019

	2019 Budget (Note 15)	2019 Actual	2018 Actual
Surplus (deficit)	978,021	1,525,358	(326,296)
Purchases of tangible capital assets	-	(116,644)	(194,484)
Amortization of tangible capital assets	675,935	501,017	650,649
Impairment of tangible capital assets	-	-	107,463
Proceeds of disposal of tangible capital assets	-	-	8,824
Change in reporting entity (Note 4)	-	(854,388)	-
	675,935	(470,015)	572,452
Change in net debt	1,653,956	1,055,343	246,156
Net debt, beginning of year	(5,565,819)	(5,565,819)	(5,811,975)
Net debt, end of year	(3,911,863)	(4,510,476)	(5,565,819)



Sweetgrass First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	1,525,358	(326,296)
Non-cash items		
Amortization of tangible capital assets	501,017	650,649
Impairment of tangible capital assets	-	107,463
Loss from investment in First Nation business entity (Note 4)	-	33,382
	2,026,375	465,198
Changes in working capital accounts		
Accounts receivable	(233,202)	80,747
Restricted cash	(4,699,279)	(765,847)
Funds held in Ottawa Trust Fund	(91,761)	199,890
Accounts payable and accruals	(8,811)	(24,471)
Deferred revenue	4,895,053	885,262
	1,888,375	840,779
Financing activities		
Advances of long-term debt	59,030	82,847
Repayment of long-term debt	(1,358,032)	(558,160)
Increase (decrease) in bank indebtedness	39,922	(39,879)
	(1,259,080)	(515,192)
Capital activities		
Purchases of tangible capital assets	(116,644)	(194,484)
Proceeds of disposal of tangible capital assets	-	8,824
	(116,644)	(185,660)
Investing activities		
Contribution to investment in First Nation business entity	-	(85,199)
Redemption (purchase) of portfolio investments	65,967	(65,967)
Change in reporting entity (Note 4)	521	-
	66,488	(151,166)
Increase (decrease) in cash resources	579,139	(11,239)
Cash resources, beginning of year	42,888	54,127
Cash resources, end of year	622,027	42,888
Supplementary cash flow information		
Interest paid	187,862	130,770



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

1. Operations

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

2. Change in accounting policies

Effective April 1, 2018, the First Nation adopted the recommendations relating to the following Section, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 3430 Restructuring Transactions

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Section.

3. Significant accounting policies

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

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities which are accounted for using the modified equity method.

The First Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Sweetgrass First Nation
- Sweetgrass First Nation C.M.H.C. Housing
- Sweetgrass Developments Limited Partnership
- Sweetgrass Investments Ltd.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department. Sweetgrass Developments Limited Partnership had previously been reported as a government business enterprise. During the year it was determined that this entity no longer met the criteria to be recognized as a government business enterprise and as a result it is now consolidated.

Basis of presentation

Sources of revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become 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.

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.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions is included in restricted cash. Restricted cash consists of the TLE Revenue Operating, CMHC Operating Reserve and Replacement Reserve, and capital project bank accounts.



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

3. Significant accounting policies (Continued from previous page)

Portfolio investments

Long-term investments in entities that are not owned or controlled by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

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.

The First Nation's original reserve land is not recognized in the consolidated financial statements.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and infrastructure	declining balance	5-10 %
Equipment	declining balance	25 %
CMHC Housing	straight-line	15-35 years

Land is not amortized. Projects under construction are not amortized until they are put into use.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

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 First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2019.

At each financial reporting date, the First 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 First 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, 2019.

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First 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 statement of financial position in the year of receipt.



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

Government Transfers

The First 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation recognizes externally restricted inflows, other than government transfers, as revenue in the period the resources are used for the purpose specified in accordance with an agreement. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to funds held in the Ottawa Trust Fund is recognized when it is deposited in the trust account.

Other revenues

Rental and lease revenue is recognized over the rental term. Other revenue is recognized as it becomes receivable.

Measurement uncertainty

The preparation of 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 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.

Segments

The First Nation conducts its business through 8 reportable segments (Note 16). These operating segments are established by senior management to facilitate the achievement of the First 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Other economic interests

The First Nation is a member of several other entities. The First 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.



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

4. Change in reporting entity

During the year, it was determined that Sweetgrass Developments Limited Partnership is no longer self sustaining. The First Nation had been providing this entity with financial support the past few years as it had planned for future operations to be profitable, but during the year it was determined that without continued financing it would not be able to maintain operations. The First Nation is assessing its future plans. As a result, this entity no longer meets the definition of a government business enterprise and a change in accounting treatment was required.

Previously, this entity was recorded using the modified equity method and was included in Investments in the Consolidated Statement of Financial Position. In the current year, the assets, liabilities, revenues and expenses of this entity are consolidated on a line-by-line basis in the First Nation's financial statements. In accordance with PS 3070 *Investments in Government Business Enterprises*, the change in accounting treatment is not applied retroactively, which resulted in no change to the financial position and results of prior periods. The opening statement of financial position of the entity that has been consolidated on a line-by-line basis as of April 1, 2018 was:

Cash	521
Land	854,388
Trade and other payables	(1,846)
Long-term debt	(162,315)
Partner's Capital	(690,748)

5. Restricted cash

	2019	2018
New School - RBC general	5,000,000	-
Capital projects	1,013,395	1,303,434
Guaranteed Investment Certificate - maturing April 2019 (2018 - April 2018) - burnt unit	107,224	107,224
CMHC replacement reserve	16,910	11,207
New housing	6,263	14,405
TLE Revenue operating	5,297	13,540
	6,149,089	1,449,810

6. Accounts receivable

	2019	2018
Sweetgrass Treaty Land Entitlement Trust	395,091	280,943
Salary advances	189,224	141,562
Canada Mortgage and Housing Corporation	167,520	32,996
BATC Social Development	66,599	67,259
Other	11,534	37,969
Indigenous Services Canada	6,298	-
	836,266	560,729
Less: Allowance for doubtful accounts	240,044	197,709
	596,222	363,020

7. Portfolio investments

The First Nation has a 20% interest in BATC Investments Limited Partnership which has a carrying value of \$1,010. The First Nation also has a 20% interest in BATC Land Holdings Ltd. which has a carrying value of \$1. In 2018, the First Nation also had a guaranteed investment certificate with a carrying value of \$65,967, which was redeemed during the year.



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

8. Funds held in Ottawa Trust Fund

Capital and Revenue Trust monies are transferred to the First Nation on the authorization of Chief and Council, with the consent of the Minister of Indigenous Services Canada. There were no funds in the Capital Account at year-end, nor were there any transactions in the Capital Account during the year. Revenues generated in the trust fund have been presented as rental in the consolidated statement of operations.

	2019	2018
Revenue Account		
Balance, beginning of year	34,689	234,579
Interest	1,920	2,806
Land leases	516,373	560,069
Less: Transfers to First Nation	426,532	762,765
Balance, end of year	126,450	34,689

9. Bank indebtedness

The First Nation has an approved operating line of credit of \$350,000 with interest to be charged at Royal Bank prime plus 1.5% per annum. At March 31, 2019, \$350,000 (2018 - \$317,750) has been drawn. The operating line is secured by a general security agreement and a Band Council Resolution.

10. Deferred revenue

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

	<i>Balance 2018</i>	<i>Contributions received</i>	<i>Contributions utilized</i>	<i>Balance 2019</i>
New school - ISC	804,211	5,000,000	294,709	5,509,502
Community Backup Well - ISC	165,000	150,000	15,000	300,000
Culture and Recreation - ISC	203,727	55,000	-	258,727
Subdivision - ISC	167,461	-	-	167,461
Water plan - ISC	90,000	-	-	90,000
Renovations and additions - ISC	58,238	-	58,238	-
	1,488,637	5,205,000	367,947	6,325,690



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

11. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>Phase</u>	<u>Monthly payment including interest</u>	<u>Interest rate</u>	<u>Renewal Date</u>	<u>2019</u>	<u>2018</u>
I	-	-	-	-	114
V	-	-	-	-	10,921
VI	1,630	1.92%	1-Apr-19	256,136	270,648
VII	2,711	1.03%	1-Oct-21	523,016	550,016
VIII	2,623	1.92%	1-Jul-19	529,805	550,923
X	5,746	1.44%	1-Feb-22	812,402	869,245
				2,121,359	2,251,867
CMHC Section 95 - Phase 9 Advances, subject to refinancing				1,414,526	1,372,526
RBC term loan, with interest at Royal Bank prime plus 2.82%, due in quarterly instalments of \$49,300, secured by general security agreement, matures July 2023				732,063	850,000
RBC term loan, repayable in semi-annual instalments of \$75,000 plus interest at Royal Bank prime plus 2.8%, secured by a general security agreement, matures June 2020				200,000	350,000
RBC term loan, repayable in annual instalments of \$30,713 plus interest at Royal Bank prime plus 2.5%, secured by general security agreement, matures March 2024				153,570	184,285
RBC term loan, repayable in quarterly instalments of \$15,280 plus interest at Royal Bank prime plus 1.5%, secured by a general security agreement, matures June 2020				76,400	137,520
RBC Treaty Annuities term loan - repaid during the year				-	650,907
RBC term loan - repaid during the year				-	37,500
				4,697,918	5,834,605
Less: current portion				433,785	408,882
Less: term loan subject to refinancing				1,414,526	2,222,526
				2,849,607	3,203,197

Term loan subject to refinancing includes CMHC Section 95 advances. This loan is expected to be refinanced in the next year and has not been included in estimated principal repayments. Principal repayments on the remainder of long-term debt in each of the next five years, assuming loans are renewed at similar terms and interest rates, are estimated as follows:

2020	433,785
2021	370,669
2022	319,995
2023	333,684
2024	163,310



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Tangible capital assets

For the year ended March 31, 2019

	Cost				Accumulated Amortization				
	Opening balance	Additions	Other adjustment	Ending balance	Opening balance	Current amortization	Disposals	Ending balance	Net book value
Buildings and infrastructure	11,776,501	116,644	-	11,893,145	5,991,306	341,160	-	6,332,466	5,560,679
Equipment	363,851	-	-	363,851	333,439	7,602	-	341,041	22,810
CMHC housing	3,859,656	-	-	3,859,656	1,309,247	152,255	-	1,461,502	2,398,154
Projects under construction	1,907,005	-	-	1,907,005	-	-	-	-	1,907,005
Purchased land	6,988,781	-	854,388	7,843,169	-	-	-	-	7,843,169
	24,895,794	116,644	854,388	25,866,826	7,633,992	501,017	-	8,135,009	17,731,817

For the year ended March 31, 2018

	Cost				Accumulated Amortization				
	Opening balance	Additions	Disposals and impairment	Ending balance	Opening balance	Current amortization	Disposals	Ending balance	Net book value
Buildings and infrastructure	11,647,354	145,000	(15,853)	11,776,501	5,644,614	353,721	(7,029)	5,991,306	5,785,195
Equipment	363,851	-	-	363,851	323,302	10,137	-	333,439	30,412
CMHC housing	3,929,001	-	(69,345)	3,859,656	1,091,801	286,791	(69,345)	1,309,247	2,550,409
Projects under construction	1,964,984	49,484	(107,463)	1,907,005	-	-	-	-	1,907,005
Purchased land	6,988,781	-	-	6,988,781	-	-	-	-	6,988,781
	24,893,971	194,484	(192,661)	24,895,794	7,059,717	650,649	(76,374)	7,633,992	17,261,802

2019 other adjustment of \$854,388 relates to land held by Sweetgrass Developments Limited Partnership, which is now fully consolidated (see Note 4).



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

13. Treaty annuities claim

On December 8, 2017, the Government of Canada made a settlement offer of \$6,565,825 for the full and final settlement of the Sweetgrass treaty annuities claim. The settlement and the Sweetgrass Legacy Trust Agreement were approved by Chief and Council and ratified by the Members of Sweetgrass First Nation during the 2019 fiscal year.

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

- \$6,565,825 - Treaty annuities settlement (revenue)
- \$3,881,731 - contribution to Sweetgrass Legacy Trust (expense)
- \$1,019,500 - per capita distribution - \$500 per member (expense)
- \$808,416 - legal fees - contingency (expense)
- \$188,240 - insurance (expense)

In addition, settlement proceeds of \$667,938 were used to repay the term loan with Royal Bank (prior year legal fees and insurance). At March 31, 2019 there was \$58,000 remaining in the funds received for per capita distributions which have been included in accounts payable and accruals. The First Nation also received \$238,617 reimbursement of legal fees which has been presented as a recovery of expenses.

14. Funds and reserves

The Sweetgrass First Nation maintains the following funds and reserves as part of its operations:

- Operating Fund reports on the general activities of the First Nation's administration.
- Capital Asset Fund reports on the capital assets and projects of the First Nation.
- Commercial Fund reports on commercial business operations owned by the First Nation.
- CMHC Operating Reserve is required as part of the First 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 First Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses.
- Ottawa Trust Fund reports on trust moneys owned by the First Nation and held by the Government of Canada.

15. Budget information

The disclosed budget information has been approved by Chief and Council in August 2018.

16. Economic dependence

Sweetgrass First Nation receives a significant portion of its revenues from Indigenous Services Canada (ISC) as a result of Treaties entered into with Her Majesty the Queen. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

17. Subsequent event

Subsequent to year, the First Nation provided formal notice to Battle River Treaty 6 Health Centre Inc. and Indigenous Services Canada - First Nations & Inuit Health Branch, that it was withdrawing from membership of Battle River Treaty 6 Health Centre Inc. The First Nation anticipates that it will formally leave Battle River Treaty 6 Health Centre Inc. effective September 1, 2019 and will receive a significant portion of the funding for health services that were previously administered through Battle River Treaty 6 Health Centre Inc.



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

18. Accumulated surplus

Accumulated surplus (deficit) consists of the following:

	2019	2018
Operating	(142,979)	(1,399,647)
Capital assets	13,033,899	12,078,104
Commercial	1,011	691,759
CMHC Operating Reserve	51,536	43,907
CMHC Replacement Reserve	151,424	247,171
Ottawa Trust Fund	126,450	34,689
	13,221,341	11,695,983

19. Segments

The First Nation has 8 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

- Band Government Support - includes administration and governance activities.
- Capital - reports on capital projects.
- Community Development - includes operations for the maintenance of the First Nation's buildings and infrastructure.
- Education - includes the operations of education programs.
- Lands and Trusts - includes activities for the development of the First Nation's land.
- Other - reports on operations of band programs.
- Ottawa Trust Fund - reports trust funds held by the Government of Canada.
- Own Source - reports on operations related to economic development and other revenue generated by the Nation.

20. Indigenous Services Canada reconciliation

Total funding per year-end funding confirmation report	\$ 9,312,459
Add:	
Prior year deferred revenues	1,488,637
Minus:	
Current year deferred revenues	(6,325,690)
Planning Risk Management (SET) recovery	(5,652)
Consulting & Policy Development (SET) recovery	<u>(8,900)</u>
	<u>\$ 4,460,854</u>

21. Comparative figures

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



Sweetgrass First Nation

Schedule of Consolidated Expenses by Object

For the year ended March 31, 2019

	2019	2018
Salaries and benefits	1,826,507	1,785,397
Student expenses	929,353	899,535
Repairs and maintenance	779,771	1,463,237
Contracted services	739,570	466,794
Amortization	501,017	650,649
Chief and Council	315,151	388,374
Elders utilities	221,019	203,962
Travel	210,512	86,023
Professional fees	198,046	305,842
Supplies	190,455	204,008
Interest on long-term debt	177,701	161,760
Utilities	117,606	128,215
Community events	112,546	260,238
Property tax	89,768	86,735
Insurance	78,253	249,544
Emergency assistance and funerals	72,945	131,185
Rent contribution CMHC houses	64,412	93,864
Training	51,409	24,156
Bank charges and interest	49,388	39,878
Honoraria	44,010	38,525
Bad debts	42,335	-
Community projects	24,898	72,691
Rent	15,000	21,650
Treaty annuities claim - professional fees	-	39,107
Treaty annuities claim - insurance	-	19,554
Christmas sponsorship	(8,800)	192,102
Reimbursement of legal fees (Note 13)	(238,617)	-
	6,604,255	8,013,025



Sweetgrass First Nation
Band Government Support
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada		
Fixed	224,870	143,196
Flexible	53,446	4,417
Band support	406,282	406,684
Set	61,124	74,603
Funding repaid	(14,552)	(9,457)
	731,170	619,443
Expenses		
Salaries and benefits	386,354	314,588
Professional fees	123,588	125,489
Chief and Council	65,000	-
Administration	26,554	16,777
Community projects	22,593	-
Supplies	18,612	20,661
Community events	19,816	-
Contracted services	19,309	13,064
Training	18,380	11,378
Travel	14,458	13,951
Bank charges and interest	14,018	15,005
Utilities	8,318	5,417
Amortization	7,602	10,138
Repairs and maintenance	6,387	4,884
Honoraria	3,054	1,250
	754,043	552,602
Annual surplus (deficit)	(22,873)	66,841



Sweetgrass First Nation Capital

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada		
Flexible	5,125,011	1,015,011
Deferred revenue	(4,705,291)	(724,211)
	419,720	290,800
Other	1,212	169
	420,932	290,969
Expenses		
Contracted services	290,301	-
Amortization	97,967	100,797
Insurance	44,682	95,011
Repairs and maintenance	34,919	-
Administration	12,499	-
Salaries and benefits	10,727	-
Community projects	2,305	-
Chief and Council	1,152	-
Training	706	-
Supplies	125	-
Bank charges and interest	120	125
	495,503	195,933
Annual surplus (deficit) before transfers	(74,571)	95,036
Transfers between programs	-	(146,180)
Annual deficit	(74,571)	(51,144)



Sweetgrass First Nation
Community Development
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada		
Fixed	424,948	422,517
Flexible	672,444	1,272,444
Deferred revenue	(131,762)	(191,884)
	965,630	1,503,077
Other	350	172
	965,980	1,503,249
Expenses		
Repairs and maintenance	463,227	1,011,737
Salaries and benefits	257,874	266,170
Amortization	243,193	252,922
Utilities	92,355	111,947
Supplies	39,476	34,499
Travel	14,448	12,054
Administration	12,244	176,938
Bank charges and interest	2,930	8,328
Contracted services	2,373	2,406
Professional fees	1,428	19,082
Community events	195	-
Community projects	-	72,631
Insurance	-	116,737
Training	(244)	1,261
	1,129,499	2,086,712
Annual deficit before transfers	(163,519)	(583,463)
Transfers between programs	-	146,180
Annual deficit	(163,519)	(437,283)



Sweetgrass First Nation Education

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada		
Fixed	2,148,522	1,976,070
Expenses		
Salaries and benefits	847,141	741,100
Student expenses	679,943	727,058
Contracted services	347,517	343,315
Supplies	100,692	121,476
Travel	72,964	16,839
Community events	42,045	17,270
Administration	37,626	39,318
Bank charges and interest	17,667	14,356
Honoraria	6,886	13,436
Training	6,537	10,214
Professional fees	3,488	10,686
Repairs and maintenance	2,142	6,589
Utilities	-	877
	2,164,648	2,062,534
Annual deficit	(16,126)	(86,464)



Sweetgrass First Nation Lands and Trust

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada		
Fixed	195,812	195,444
Other	-	314
	195,812	195,758
Expenses		
Salaries and benefits	126,613	149,449
Administration	19,580	6,146
Professional fees	16,700	9,200
Rent	12,000	12,000
Repairs and maintenance	7,753	3,886
Utilities	6,192	6,035
Travel	5,290	3,523
Contracted services	2,836	3,448
Supplies	2,225	2,697
Bank charges and interest	5	-
Training	-	384
	199,194	196,768
Annual deficit	(3,382)	(1,010)



Sweetgrass First Nation Other

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2019

	2019	2018
Revenue		
Treaty Land Entitlement Trust	372,185	404,152
Canada Mortgage and Housing Corporation	336,906	222,423
CMHC rent	115,659	148,663
Other	-	1,112
	824,750	776,350
Expenses		
Amortization	152,255	286,792
Repairs and maintenance	149,996	366,403
Salaries and benefits	79,216	41,523
Interest on long-term debt	72,219	88,312
Property tax	69,368	86,735
Insurance	33,502	37,706
Professional fees	21,489	22,645
Administration	19,121	16,356
Honoraria	13,208	2,299
Travel	12,928	17,334
Chief and Council	1,344	-
Supplies	1,314	771
Bank charges and interest	521	810
Contracted services	-	5,735
Christmas sponsorship	(4,700)	98,900
	621,781	1,072,321
Annual surplus (deficit)	202,969	(295,971)



Sweetgrass First Nation
Ottawa Trust Fund
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
Rental	518,293	562,875
Expenses		
Elders utilities	157,246	135,023
Emergency assistance and funerals	66,616	64,886
Community events	33,530	33,195
Interest on long-term debt	19,944	-
Professional fees	-	99,240
Christmas sponsorship (recovery)	(4,100)	92,752
	273,236	425,096
Annual surplus before transfers	245,057	137,779
Transfers between programs	(153,297)	(337,669)
Annual surplus (deficit)	91,760	(199,890)



Sweetgrass First Nation
Own Source
Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Revenue		
First Nations Trust	619,396	633,944
Other	469,798	656,609
Saskatchewan Indian Institute of Technologies	255,257	161,878
Battleford Agency Tribal Chiefs - CDC	111,477	110,400
Battlefords Agency Tribal Chiefs Inc.	79,265	-
Legacy Trust - annual payment	59,002	-
Rental	57,600	68,205
Insurance	4,421	164,361
Earnings (loss) from investment in Nation business entities	-	(33,382)
	1,656,216	1,762,015
Expenses		
Student expenses	249,410	172,477
Chief and Council	247,655	388,374
Salaries and benefits	118,582	272,567
Repairs and maintenance	115,347	69,738
Travel	90,424	22,322
Interest on long-term debt	85,538	73,448
Contracted services	77,234	98,826
Rent contribution CMHC houses	64,412	93,864
Elders utilities	63,773	68,939
Bad debts	42,335	-
Professional fees	31,353	19,500
Supplies	28,011	23,904
Training	26,030	919
Honoraria	20,862	21,540
Property tax	20,400	-
Community events	16,960	209,773
Bank charges and interest	14,127	1,254
Utilities	10,741	3,939
Emergency assistance and funerals	6,329	66,299
Rent	3,000	9,650
Insurance	69	90
Community projects	-	60
Christmas sponsorship	-	450
Treaty annuities claim - insurance	-	19,554
Treaty annuities claim - professional fees	-	39,107
Administration	(127,624)	(255,535)
Reimbursement of legal fees (Note 13)	(238,617)	-
	966,351	1,421,059
Annual surplus before other item	689,865	340,956

Continued on next page



Sweetgrass First Nation
Own Source
Schedule of Revenue and Expenses and Surplus (Deficit)
For the year ended March 31, 2019

	2019	2018
Annual surplus before other item <i>(Continued from previous page)</i>	689,865	340,956
Treaty annuities claim (Note 13)	667,938	-
Annual surplus before transfers	1,357,803	340,956
Transfers between programs	153,297	337,669
Annual surplus	1,511,100	678,625