

Peter Ballantyne Cree Nation

Consolidated Financial Statements
March 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

April 27, 2018

To the Members of Peter Ballantyne Cree Nation

Management of Peter Ballantyne Cree Nation has the responsibility for preparing the accompanying financial statements and ensuring that all information in the related reports is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian public sector accounting standards.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained.

Ultimate responsibility for financial statements to the members of the First Nation lies with the Chief and Council of Peter Ballantyne Cree Nation who review the financial statements in detail with management prior to their approval for publication.

External auditors are appointed by the Chief and Council to audit the financial statements and are available to meet separately with both the Chief and Council and management to review their findings. The external auditors have full and free access to discuss their audit and their findings as to the integrity of the financial reporting and the adequacy of the system of internal controls.

Chief
Chief

Council

Management



May 1, 2018

Independent Auditor's Report

Chief and Council of Peter Ballantyne Cree Nation

We have audited the accompanying consolidated financial statements of Peter Ballantyne Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the results of operations and cash flows and our unmodified audit opinion on the financial position.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Basis for Qualified Opinion on the Results of Operations and Cash Flows

As a result of deficiencies in the accounting records of Peter Ballantyne Cree Nation for the year ended March 31, 2016, we were unable to obtain sufficient and appropriate audit evidence to support the completeness assertion of cash, accounts receivable and accounts payable as at March 31, 2016 or satisfy ourselves concerning those balances by alternative means. Since those balances affect the determination of the results of Other revenue – Community Administrations and Community support services expenses and cash flows, we were unable to determine whether any adjustments to the results of operations and cash flows might be necessary for the year ended March 31, 2016. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly. Our audit opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period figures and the comparative information.

Qualified Opinion on the Results of Operations and Cash Flows

In our opinion, except for the possible effects on the comparative information of the matter described in the Basis for Qualified Opinion on the Results of Operations and Cash Flows paragraph, the statements of operations, changes in net financial assets and cash flows present fairly, in all material respects, the results of operations and cash flows of Peter Ballantyne Cree Nation for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards.

Opinion on the Financial Position

In our opinion, the statement of financial position presents fairly, in all material respects, the financial position of Peter Ballantyne Cree Nation as at March 31, 2017 in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Peter Ballantyne Cree Nation
 Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
	\$	\$
Financial assets		
Cash	361,694	799,630
Short-term investment (note 3)	7,094,497	5,551,219
Accounts receivable (note 4)	7,871,448	5,759,808
Restricted cash (note 5)	15,087,204	13,891,526
Trust funds held by federal government (note 6)	150,118	127,574
Assets held in trust (note 7)	1,292,949	1,622,425
Investments in government business enterprises (note 8)	<u>49,560,675</u>	<u>45,476,670</u>
	<u>81,418,585</u>	<u>73,228,852</u>
Financial liabilities		
Bank indebtedness	972,142	1,352,601
Accounts payable and accrued liabilities	8,869,449	8,730,576
Deferred revenue (note 9)	11,526,164	7,193,320
Debt (note 10)	<u>27,141,287</u>	<u>20,426,052</u>
	<u>48,509,042</u>	<u>37,702,549</u>
Net financial assets	<u>32,909,543</u>	<u>35,526,303</u>
Non-financial assets		
Prepaid expenses	1,519,670	1,198,635
Tangible capital assets (note 14)	<u>75,214,314</u>	<u>67,755,207</u>
	<u>76,733,984</u>	<u>68,953,842</u>
Accumulated surplus	<u>109,643,527</u>	<u>104,480,145</u>
Contingent liabilities (note 11)		
Commitments (note 11)		
Subsequent events (note 18)		

Approved by the Chief and Council

Chief Peter Keesy

John W. D.

The accompanying notes are an integral part of these consolidated financial statements.

Peter Ballantyne Cree Nation

Consolidated Statement of Changes in Net Financial Assets For the year ended March 31, 2017

	Budget \$ (note 16)	2017 \$	2016 \$
Operating surplus for the year	2,335,076	5,163,382	8,345,427
Acquisition of tangible capital assets	(12,800,000)	(12,396,033)	(14,698,917)
Proceeds on the sale of tangible capital assets	-	58,671	52,571
Loss on the sale of tangible capital assets	-	281,011	9,615
Amortization of tangible capital assets	4,597,244	4,597,244	4,539,353
	(5,867,680)	(2,295,725)	(1,751,951)
Increase in prepaid expenses	(321,035)	(321,035)	(1,136,665)
Changes in net financial assets	(6,188,715)	(2,616,760)	(2,888,616)
Net financial assets – Beginning of year	35,526,303	35,526,303	38,414,919
Net financial assets – End of year	29,337,588	32,909,543	35,526,303

The accompanying notes are an integral part of these consolidated financial statements.

Peter Ballantyne Cree Nation
 Consolidated Statement of Operations
 For the year ended March 31, 2017

	Budget \$ (note 16)	2017 \$	2016 \$
Revenue			
Indigenous and Northern Affairs Canada (INAC)	63,851,199	62,739,818	62,761,153
Health Canada	15,866,268	14,493,035	14,480,248
Prince Albert Grand Council (PAGC)	5,989,526	7,726,469	4,348,009
Equity in earnings of Peter Ballantyne Developments Limited Partnership	-	5,387,185	5,613,098
Saskatchewan Indian Gaming Authority (SIGA)	3,284,487	3,284,497	3,525,853
Provincial tax rebates	2,600,000	2,639,346	2,915,596
Other revenue	1,296,355	2,362,319	2,654,778
Canada Mortgage and Housing Corporation (CMHC)	691,746	1,348,655	440,978
Northern Lights Community Development Corporation	1,081,062	1,081,062	685,075
Other revenue – Community Administrations	1,000,000	1,135,290	4,797,588
SaskPower Elder's Agreement	840,643	840,643	1,020,651
Government Canada	670,000	690,782	905,609
Northern Lights School Division	561,563	589,864	546,978
Northern Inter-Tribal Health Authority	140,083	496,480	409,246
Ministry of Social Services	583,038	322,694	683,015
SaskPower Training Contract	287,300	287,300	493,059
Teacherage rental income	268,200	248,488	219,892
Housing rental income	782,342	239,487	304,655
Interest income	31,210	228,068	170,103
Woodland Cree Enterprises	134,932	169,949	161,578
Revenue from trust held by government	132,165	142,544	136,156
User fees	199,696	26,433	44,155
Ministry of Justice	99,870	99,870	-
	100,391,685	106,580,278	107,317,473
Expenses (note 12)			
Health Services	15,928,475	14,668,224	14,152,590
Child and Family Services	14,994,141	14,111,329	15,884,571
Education	12,196,992	12,825,783	12,373,601
Basic needs	11,439,824	12,158,199	12,277,673
Community Administrations	8,900,000	8,830,411	9,789,757
Amortization of tangible capital assets	4,392,307	4,597,244	4,539,353
Provincial tuition	3,127,320	3,990,908	3,884,761
Post-secondary education	3,518,604	3,859,860	3,344,805
Community support services	3,600,000	3,621,599	5,302,626
Special education	3,260,882	3,520,782	2,321,816
School operations and maintenance	2,161,924	3,232,770	2,594,687
Community infrastructure	2,200,025	2,434,345	2,048,660
INAC administration	1,971,785	1,844,139	2,416,725
Reinvestment	1,556,566	1,543,217	1,560,941
New Paths	295,195	1,504,914	342,272
Housing	3,254,446	1,490,148	482,850

The accompanying notes are an integral part of these consolidated financial statements.

Peter Ballantyne Cree Nation

Consolidated Statement of Operations...continued
 For the year ended March 31, 2017

	Budget \$ (note 16)	2017 \$	2016 \$
First Nation Student Success	-	1,206,842	227,570
Special needs	1,023,931	1,005,514	1,038,053
Social assistance	1,054,738	954,968	713,376
Band employee benefits	527,645	616,608	584,231
CMHC rental housing	424,820	557,797	449,220
Daycare	-	407,030	99,521
Early Childhood Intervention Program	-	372,706	-
Enhanced teachers	351,351	329,247	351,348
In home care	308,356	308,356	308,356
Council component	217,940	291,760	219,421
Lands	-	197,989	106,705
Prince Albert Office Complex	-	194,062	210,460
Skills Link program	762,599	153,356	802,410
Certified worker operator	136,048	149,550	136,048
Summer work experience	147,436	135,208	174,249
Economic development	226,280	120,144	126,280
Northeast Prevention	-	80,508	-
Indian registry	76,979	63,175	60,805
Outreach	-	36,377	46,305
Active measures	-	1,827	-
	<u>98,056,609</u>	<u>101,416,896</u>	<u>98,972,046</u>
Surplus for the year	2,335,076	5,163,382	8,345,427
Accumulated surplus – Beginning of year		<u>104,480,145</u>	<u>96,134,718</u>
Accumulated surplus – End of year		<u>109,643,527</u>	<u>104,480,145</u>

The accompanying notes are an integral part of these consolidated financial statements.

Peter Ballantyne Cree Nation
 Consolidated Statement of Cash Flows
 For the year ended March 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Operating surplus for the year	5,163,382	8,345,427
Items not affecting cash		
Equity in earnings of Peter Ballantyne Developments Limited Partnership	(5,387,185)	(5,613,098)
Gain from sale of investment	-	(119,806)
Loss (gain) on sale of asset	281,011	9,615
Amortization of tangible capital assets	4,597,244	4,539,353
Net change in financial assets and liabilities (note 13)	<u>2,345,974</u>	<u>(8,011,273)</u>
	<u>7,000,426</u>	<u>(849,782)</u>
Investing activities		
Distributions of investments	1,303,180	997,069
Purchase of short-term investments	(1,543,278)	(3,051,219)
Sale of shares held in jointly owned entity	-	119,806
	<u>(240,098)</u>	<u>(1,934,344)</u>
Capital activities		
Proceeds on disposal of capital assets	58,671	52,571
Acquisition of tangible capital assets	<u>(12,396,033)</u>	<u>(14,698,917)</u>
	<u>(12,337,362)</u>	<u>(14,646,346)</u>
Financing activities		
Debt issuances	8,000,000	17,529,640
Debt retirement	(1,284,765)	(2,814,886)
Forgiveness of debt	-	(54,980)
	<u>6,715,235</u>	<u>14,659,774</u>
Net increase in cash	<u>1,138,201</u>	<u>(2,770,698)</u>
Net cash – Beginning of year	<u>13,338,555</u>	<u>16,109,253</u>
Net cash – End of year	<u>14,476,756</u>	<u>13,338,555</u>
Net cash is comprised of		
Cash	361,694	799,630
Bank indebtedness	(972,142)	(1,352,601)
Restricted cash	<u>15,087,204</u>	<u>13,891,526</u>
	<u>14,476,756</u>	<u>13,338,555</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	/	/
	<u>951,208</u>	<u>675,423</u>

The accompanying notes are an integral part of these consolidated financial statements.

Peter Ballantyne Cree Nation

Notes to Consolidated Financial Statements

March 31, 2017

1 Operations

Peter Ballantyne Cree Nation (the “First Nation”) is located in the province of Saskatchewan, and provides various services to its members. The First Nation includes its members, administration and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2 Summary of significant accounting policies

a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of Chartered Professional Accounts Canada

b) Reporting entity

The First Nation is located in northeast Saskatchewan and has administration offices at Pelican Narrows, Prince Albert (Kiskaciwan), Southend, Deschambault Lake, Sandy Bay, Denare Beach, Sturgeon Landing and Kinoosao. The First Nation’s reporting entity includes the First Nation’s government and all related entities that are controlled by the First Nation.

c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation’s investment in the government business enterprise and the enterprise’s net income (or net loss) and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the First Nation.

Organizations consolidated in the First Nation’s financial statements include:

- Peter Ballantyne Band #355 Indigenous and Northern Affairs Canada (“INAC”) Funded Programs (Pelican Narrows Administration, Kiskaciwan Administration, Southend Administration, Deschambault Lake Administration, Sandy Bay Administration, Bandwide Administration, Denare Beach Administration, Sturgeon Landing Administration and Kinoosao Administration).
- Community Administration operations of Peter Ballantyne Cree Nation (Pelican Narrows Non-INAC Administration, Kiskaciwan Administration Non-INAC Administration, Southend Non-INAC Administration, Deschambault Lake Non-INAC Administration, Sandy Bay Non-INAC Administration, Denare Beach Non-INAC Administration, Sturgeon Landing Non-INAC Administration, Bandwide Non-INAC Administration and Kinoosao Non-INAC Administration).

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Notes to Consolidated Financial Statements

March 31, 2017

- Peter Ballantyne Child and Family Services Inc., Peter Ballantyne Cree Nation Health Services Incorporated, Peter Ballantyne Cree Nation CMHC Housing Program and Prince Albert Office Complex.

Organizations accounted for on a modified equity basis include Peter Ballantyne Developments Limited Partnership (a government business enterprise).

d) Cash

Cash includes cash on hand and balances with banks and short-term investments without maturities of three months or less. Bank overdrafts are presented as a liability on the consolidated statement of financial position and are considered a component of net cash for purposes of the consolidated statement of cash flows.

e) Temporary investments

Temporary investments are valued at the lower of cost and market value, which for the First Nation's temporary investments, market value approximates the cost due to the short-term nature of the investments.

f) Restricted cash

Restricted cash consists of monies that are either internally or externally restricted for specific purposes including tangible capital asset expenditures, Canada Mortgage and Housing Corporation ("CMHC") replacement reserve expenditures, Health Services expenditures, and Child and Family Services expenditures.

g) Funds held in Ottawa Trust Funds

Ottawa Trust Funds consist of funds held in trust on behalf of First Nation members by the Government of Canada. Trust moneys consist of:

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

h) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Amortization is provided for on a declining basis over the estimated useful lives of the assets as follows:

Peter Ballantyne Cree Nation

Notes to Consolidated Financial Statements
March 31, 2017

Buildings and housing	5 to 25 years
Capital infrastructure	25 years
Equipment and vehicles	5 years

i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

j) Measurement uncertainty

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Items requiring the use of significant estimates include the recoverability of accounts receivable and the useful lives of tangible capital assets. Actual amounts could differ from these estimates.

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.

k) Landfill liability

The First Nation maintains waste disposal sites. The liability for estimated costs to close and maintain solid waste landfill sites is based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation. Estimated costs are charged to expense as the landfill sites capacity is used.

l) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The

Peter Ballantyne Cree Nation

Notes to Consolidated Financial Statements

March 31, 2017

liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i) an environmental standard exists;
- ii) contamination exceeds the environmental standards;
- iii) the First Nation:
 - is directly responsible; and
 - accepts responsibility.
 - it is expected that future economic benefits will be given up; and
 - a reasonable estimate of the amount can be made.

m) Segments

The First Nation conducts its business through five reportable segments: INAC Administration, Non-INAC Administration, Child & Family, Health and Facilities. 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 expenditures 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. Inter-segment transfers are recorded at their exchange amount.

n) Income taxes

No provision for income taxes is included in these consolidated financial statements on the basis that the First Nation is exempt from income taxes under Section 149 of the Income Tax Act and Section 87 of the Indian Act.

o) Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

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March 31, 2017

In September 2015, the effective date for governments was extended by three years. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. In the period that a public sector entity applies PS 3450, it also applies PS 1201, PS 2601, and PS 3041. Early adoption is permitted.

Related party disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revision Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationships underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted.

Inter-entity transactions

The Public Section Accounting Board (PSAB) issued in March 2015 CPA Canada Public Sector Accounting Handbook Revision Release No. 42, containing a new standard, PS 3420 Inter-entity Transactions.

The new Section establishes standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features of the new Section are:

- Under a policy of cost allocation, revenue and expenses are recognised on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amounts dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with PS 2200 *Related Party Disclosures*.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Assets, Contingent Assets and Contractual Rights

In June 2015, new PS 3210 *Assets*, PS 3320 *Contingent Assets*, and PS 3380 *Contractual Rights* were included in the CPA Canada Public Sector Accounting Handbooks (PSA HB).

PS 3210 *Assets* provides additional guidance to clarify the definition of assets set out in PS 1000 *Financial Statement Concepts*.

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PS 3320 *Contingent Assets* establishes disclosure standards on contingent assets. Under previous standards contingent assets could not be disclosed.

PS 3380 *Contractual Rights* establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of the standard are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

These standards are effective for fiscal years beginning on or after April 1, 2017.

3 Short-term investments

Restricted investments are held for Peter Ballantyne Cree Nation Health Services Incorporated and consists of:

	2017	2016
	\$	\$
1.7% non-redeemable term deposit, maturing March 23, 2018	2,594,497	-
1.7% non-redeemable term deposit, maturing December 17, 2017	3,000,000	-
1.7% non-redeemable term deposit, maturing July 6, 2017	1,500,000	-
1.7% non-redeemable term deposit, maturing March 23, 2017	-	2,551,219
1.7% non-redeemable term deposit, maturing December 17, 2016	-	3,000,000
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	7,094,497	5,551,219

Peter Ballantyne Cree Nation

Notes to Consolidated Financial Statements
March 31, 2017

4 Accounts receivable

	2017	2016
	\$	\$
Indigenous and Northern Affairs Canada	4,166,405	2,356,321
Other	1,327,398	1,362,707
Canada Mortgage and Housing Corporation	727,723	30,707
Northern Lights School Division	606,792	559,073
Health Canada	388,406	974
Prince Albert Grand Council	327,169	357,299
Ministry of Social Services	321,805	724,538
SIIT	5,750	149,773
Proceeds from sale of First Pharmacy Plus Ltd.	-	218,416
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	7,871,448	5,759,808

5 Restricted cash

Surplus funding has been appropriated to provide for future expenditures as follows:

	2017	2016
	\$	\$
Peter Ballantyne Cree Nation Health Services Inc.	6,023,419	7,477,455
Peter Ballantyne Cree Nation Administration Capital Projects	5,711,552	3,170,468
Peter Ballantyne Cree Nation Waskahikan Project	251,704	1,569,119
Peter Ballantyne Cree Nation CMHC Housing Program	661,333	1,003,642
Peter Ballantyne Child & Family Services Inc.	1,908,748	140,394
Prince Albert Office Complex	350,000	350,000
Peter Ballantyne Cree Nation Self Insurance	180,448	180,448
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	15,087,204	13,891,526

6 Funds held in trust

The following is a summary of current year activity in the First Nation funds held in trust by INAC.

	Balance – Beginning of year	Revenue	Eligible expenditures	Balance – End of Year
	\$	\$	\$	\$
Revenue	47,298	142,544	(120,000)	69,842
Capital	80,276	-	-	80,276
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	127,574	142,544	(120,000)	150,118

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Notes to Consolidated Financial Statements

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	2016			
	Balance – Beginning of year \$	Revenue \$	Eligible expenditures \$	Balance – End of Year \$
Revenue	91,142	136,156	(180,000)	47,298
Capital	80,276	-	-	80,276
	<u>171,418</u>	<u>136,156</u>	<u>(180,000)</u>	<u>127,574</u>

The trust funds arise from monies derived from capital or revenue resources as outlined in Section 66 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

The additions for the trust fund is comprised of \$137,046 (2016 - \$132,046) of Leased income and \$5,498 (2016 - \$4,110) of government interest.

The withdrawals of these funds relate to Band Council Resolutions.

7 Assets held in trust

The First Nation obtained long term loan financial from the First Nations Finance Authority ("the Authority"). As a condition of these borrowings, 5% of the loan proceeds are withheld by the Authority and maintained in a Debt Reserve Fund Investment. The Debt Reserve Fund amount will be credited to the First Nation and invested on its behalf. The Debt Reserve Fund can be accessed by the Authority to cover loan defaults of any First Nations borrowing member of the Authority. Upon extinguishment of the loan, the Debt Reserve Fund contributed by the First Nation and earnings on the investment of the funds will be repaid to First Nation.

The First nation has commenced a housing project, Waskahikan. As part of agreements held with contractors, certain monies have been transferred to be held in a trust account.

	Authority \$	Waskahikan \$	2017 \$	2016 \$
Trust balance, beginning of year	881,986	740,439	1,622,425	-
Trust additions	400,000	-	400,000	1,616,939
Interest earned	10,963	-	10,963	5,486
Trust withdrawals	-	(740,439)	(740,439)	-
Trust balance, end of year	<u>1,292,949</u>	<u>-</u>	<u>1,292,949</u>	<u>1,622,425</u>

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	Authority \$	Waskahikan \$	2016 \$	2015 \$
Trust balance, beginning of year	-	-	-	-
Trust additions	876,500	740,439	1,616,939	-
Interest earned	5,486	-	5,486	-
Trust balance, end of year	<u>881,986</u>	<u>740,439</u>	<u>1,622,425</u>	-

8 Investments in government business enterprises

	2017 \$	2016 \$
Investments held directly by Peter Ballantyne Cree Nation Health Services Inc.	60,293	38,462
Investments held directly by Peter Ballantyne Developments Limited Partnership	<u>49,500,382</u>	<u>45,438,208</u>
	<u>49,560,675</u>	<u>45,476,670</u>

The First Nation owns 100% of Peter Ballantyne Developments Limited Partnership and Peter Ballantyne Cree Nation Ambulance Services. Peter Ballantyne Developments Limited Partnership's investment portfolio includes investments in forestry, hospitality, insurance, real estate and retail operations.

The following table presents condensed financial information for these commercial enterprises:

	2017 \$	2016 \$
Assets	52,493,629	48,815,891
Liabilities	2,872,661	3,300,759
Shareholders' Equity	49,620,968	45,515,132
Revenue	47,606,944	49,435,006
Expenses	42,197,930	43,839,099
Excess of revenue over expenses	5,409,014	5,595,907
Cash from operating activities	5,676,833	2,251,587
Cash used in investing activities	(2,192,578)	(708,379)
Cash used in financing activities	(1,303,180)	(1,884,203)

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9 Deferred revenue

	Balance at March 31, 2016 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2017 \$
Federal government	5,370,148	6,805,997	1,503,162	10,672,983
Provincial government	273,296	-	273,296	-
Other	1,549,876	62,034	758,729	853,181
	<u>7,193,320</u>	<u>6,868,031</u>	<u>2,535,187</u>	<u>11,526,164</u>

	Balance at March 31, 2015 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2016 \$
Federal government	6,744,046	2,259,754	3,633,652	5,370,148
Provincial government	373,273	-	99,977	273,296
Other	1,110,765	439,111	-	1,549,876
	<u>8,228,084</u>	<u>2,698,865</u>	<u>3,733,629</u>	<u>7,193,320</u>

10 Debt

	2017 \$	2016 \$
Section 95 Housing		
Phase 2, mortgage loan payable to the CIBC at \$19,417 per month including interest at 6.95%, with a renewal date April 2018 and maturing September 2018. Loan is guaranteed by the Government of Canada.	331,410	536,912
Phase 3, mortgage loan payable to the CIBC at \$1,756 per month including interest at 72.79%, with a renewal date August 2018 and maturing May 2019. Loan is guaranteed by the Government of Canada.	42,627	61,907
Phase 4, mortgage loan payable to CMHC at 1,574 per month including interest at 3.89%, maturing November 2020. Loan is guaranteed by the Government of Canada.	24,280	51,817
Phase 5, mortgage loan payable to CMHC at \$1,126 per month including interest at 5.24%, maturing January 2018. Loan is guaranteed by the Government of Canada.	35,545	46,898
Phase 6, mortgage loan payable to CMHC at \$1,465 per month including interest at 1.92%, maturing April 2019. Loan is guaranteed by the Government of Canada.	35,874	52,593

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	2017	2016
	\$	\$
Phase 7, mortgage loan payable to CMHC at \$7,165 per month including interest at 2.01%, with a renewal date of October 2019 and maturing in June 2024. Loan is guaranteed by the Government of Canada.	579,746	653,316
Phase 8, mortgage loan payable to CMHC at \$5,030 per month including interest at 0.94%, with a renewal date of September 2020 and maturing in February 2025. Loan is guaranteed by the Government of Canada.	460,301	516,057
Child and Family Services		
First Nations Bank of Canada, term loan, interest at prime plus 4.75%, repayable in monthly blended payments of \$9,764, secured by a general security agreement over all assets.	950,514	1,016,097
First Nations Bank of Canada, term loan, interest at prime plus 3.94%, repayable in monthly principal instalments of \$1,205 secured by a general security agreement over all assets.	39,750	52,365
Community Administrations		
Bank of Montreal, term loan, interest at a fixed rate of 6.50%, repayable in monthly payments of principal of \$2,408 with interest payments due monthly, maturing March 2019.	33,119	61,605
First Nation Finance Authority, loan bearing interest at 2.60% per annum, monthly payable interest only. Principal repayable at maturity, maturing the earlier of (a) five years from the first principle amount drawdown, (b) the date of completion of the purpose of borrowing, and (c) the date upon which the Authority issues debt securities to replace the interim long-term financing loan.	-	12,030,000
First Nation Finance Authority bearing interest at 2.985% per annum, repayable in monthly principal payments of \$17,057 and interest payment of \$13,681 maturing June 26, 2024, secured by Peter Ballantyne Group of Companies income allocation and authorized Federal transfers.	5,137,193	5,346,485
First Nation Finance Authority bearing interest at 2.90% per annum, repayable in monthly principal payments of \$62,119 and interest payment of \$48,406 maturing June 26, 2024, secured by Peter Ballantyne Group of Companies income allocation and authorized Federal transfers.	19,470,928	-
Total debt	27,141,287	20,426,052

The First Nation has a \$250,000 operating loan credit facility available through the First Nations Bank of Canada, bearing annual interest at prime rate plus 1.25%, on which no amounts were drawn as of March 31, 2017.

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Notes to Consolidated Financial Statements

March 31, 2017

Principal payments due over the next five years are as follows:

	\$
2018	1,437,028
2019	1,342,895
2020	1,194,183
2021	1,175,237
2022	1,175,333

11 Contingencies, commitments and contracts

- a) The First Nation has obligations under operating leases for office furniture and equipment. Future minimum lease payments are approximately \$400,000 per year for the next 5 years.
- b) Security for the CMHC housing loans has been provided by a ministerial guarantee of future INAC funding.
- c) The First Nation has a liability for solid waste closure and post closure care requirements. No amount has been recorded as a liability in these financial statements as the First Nation is in the process of assessing sites and estimating costs.
- d) The First Nation has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
- e) A claim relating to the development of forestry operations in Deschambault Lake alleges outstanding owing in excess of \$730,000. While the potential outcome of these claims are not determinable at this time, management estimates that the eventual settlement of these claims will not result in significant impact to the First Nation's financial position or operations.
- f) A variety of claims have been filed against the First Nation in the amount of \$738,127 in aggregate. The potential outcomes of these claims are not determinable at this time. Management estimates that the eventual settlement of these claims will not result in significant impact to the First Nation's financial position or operations.
- g) In the normal course of its operations, the company becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's financial statements.

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 Notes to Consolidated Financial Statements
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12 Expenses by type

	Budget \$ (note 16)	2017 \$	2016 \$
Salaries, wages and benefits	39,378,772	39,219,597	38,646,212
Social assistance	13,018,555	13,685,147	11,176,204
Student support	5,985,379	7,336,045	6,618,942
Member support	5,673,828	5,241,694	6,694,191
Amortization of tangible capital assets	3,883,064	4,597,244	4,539,353
Travel	3,158,772	4,249,015	3,475,389
Child and family services	5,834,188	4,104,247	6,500,190
Services	2,841,555	3,925,404	2,631,123
Supplies	2,596,912	2,823,327	2,146,893
Repairs and maintenance	2,581,559	2,074,981	1,538,349
Utilities	1,453,043	2,069,267	4,035,376
Other	1,606,000	1,754,642	1,403,725
Cultural activities	923,465	1,421,567	1,134,135
Designated projects	2,379,995	1,397,987	2,098,416
Administration and governance	1,742,676	1,393,939	1,410,223
Training	1,061,102	1,010,282	1,111,211
Bank charges and interest	885,100	946,129	675,426
Program development	255,775	882,463	394,897
SaskPower Elder's Agreement	750,000	751,728	821,652
Nursing	435,950	568,622	351,467
Donations	560,000	559,480	586,838
Professional fees	377,000	486,372	491,498
Insurance	425,376	419,843	443,441
Bad debt expense	-	241,372	-
Loss on disposal	-	202,975	-
Vehicles	243,543	181,500	231,687
Contracts	5,000	16,225	6,188
Recovery	-	(144,198)	(190,980)
	98,056,609	101,416,896	98,972,046

Peter Ballantyne Cree Nation

Notes to Consolidated Financial Statements

March 31, 2017

13 Net change in financial assets and liabilities

	2017	2016
	\$	\$
Accounts receivable	(2,111,640)	2,004,188
Trust funds held by federal government	(22,544)	43,844
Assets held in trust	329,476	(1,622,425)
Accounts payable and accrued liabilities	138,873	(6,265,451)
Deferred revenue	4,332,844	(1,034,764)
Prepaid expenses	(321,035)	(1,136,665)
	<hr/>	<hr/>
	2,345,974	(8,011,273)

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Notes to Consolidated Financial Statements

March 31, 2017

14 Tangible capital assets

						2017	2016
	Rental housing \$	Buildings and housing \$	Buildings and housing – In progress \$	Equipment and vehicles \$	Capital infrastructure \$	Total \$	Total \$
Cost							
Opening costs	10,733,874	41,525,911	6,649,219	11,520,123	150,093,676	220,522,803	206,282,207
Additions	-	1,502,675	9,928,809	755,206	209,343	12,396,033	14,698,917
Disposals	(304,876)	(4,238)	-	(467,956)	-	(777,070)	(458,321)
Transfers	-	5,647,061	(5,647,061)	-	-	-	-
	<u>10,428,998</u>	<u>48,671,409</u>	<u>10,930,967</u>	<u>11,807,373</u>	<u>150,303,019</u>	<u>232,141,766</u>	<u>220,522,803</u>
Accumulated amortization							
Opening accumulated amortization	7,873,832	25,789,764	-	7,862,389	111,241,611	152,767,596	148,624,378
Disposals	(142,376)	(4,238)	-	(290,774)	-	(437,388)	(396,135)
Amortization expense	397,960	1,916,998	-	824,507	1,457,779	4,597,244	4,539,353
	<u>8,129,416</u>	<u>27,702,524</u>	<u>-</u>	<u>8,396,122</u>	<u>112,699,390</u>	<u>156,927,452</u>	<u>152,767,596</u>
Net book value							
	<u>2,299,582</u>	<u>20,968,885</u>	<u>10,930,967</u>	<u>3,411,251</u>	<u>37,603,629</u>	<u>75,214,314</u>	<u>67,755,207</u>

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Notes to Consolidated Financial Statements

March 31, 2017

						2016	2015
	Rental housing \$	Buildings and housing \$	Buildings and housing – In progress \$	Equipment and vehicles \$	Capital infrastructure \$	Total \$	Total \$
(continued)							
Cost							
Opening costs	10,733,874	39,314,957	-	11,261,992	144,971,384	206,282,207	186,579,589
Additions	-	2,210,954	6,649,219	716,452	5,122,292	14,698,917	20,131,157
Disposals	-	-	-	(458,321)	-	(458,321)	(428,539)
	<u>10,733,874</u>	<u>41,525,911</u>	<u>6,649,219</u>	<u>11,520,123</u>	<u>150,093,676</u>	<u>220,522,803</u>	<u>206,282,207</u>
Accumulated amortization							
Opening accumulated amortization	7,459,631	24,686,911	-	7,281,385	109,196,451	148,624,378	144,004,386
Disposals	-	-	-	(396,135)	-	(396,135)	(402,115)
Amortization expense	414,201	1,102,853	-	977,139	2,045,160	4,539,353	5,022,107
	<u>7,873,832</u>	<u>25,789,764</u>	<u>-</u>	<u>7,862,389</u>	<u>111,241,611</u>	<u>152,767,596</u>	<u>148,624,378</u>
Net book value	<u>2,860,042</u>	<u>15,736,147</u>	<u>6,649,219</u>	<u>3,657,734</u>	<u>38,852,065</u>	<u>67,755,207</u>	<u>57,657,829</u>

Peter Ballantyne Cree Nation

Notes to Consolidated Financial Statements

March 31, 2017

15 Segment disclosure

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by department. The segments of the First Nation and all the services provided by each are as follows:

- INAC – provides federal government funded services to its members. Operation and activities are organized by departments and include education, social programs, community infrastructure, band governance, economic development, capital/housing and other programs.
- Community Administrations – represents a variety of own source funded community and social programs delivered to First Nation members.
- Health – offer community based programs aimed toward the well-being and health of the First Nation's residents. Emphasis on health education, prevention programs, and community health.
- Child and Family Services - responsible for providing services to children, youth, and families within the First Nation's communities. Services include protection, prevention, foster care, therapeutic group homes, wellness centers and community development.
- Social Housing – responsible for construction and maintenance CMHC Section 95 Social Housing, as well as operations of rental facilities.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies.

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Notes to Consolidated Financial Statements

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	INAC Administration			Community Administration			Child and Family Services		
	Budget \$ (note 16)	2017 \$	2016 \$	Budget \$	2017 \$	2016 \$	Budget \$	2017 \$	2016 \$
Revenues									
Federal government transfers	48,320,951	50,131,069	47,694,726	-	61,874	214,580	16,309,552	14,003,870	15,491,735
Provincial government transfers	65,120	65,120	-	2,634,750	2,639,346	2,915,326	583,038	322,694	683,015
Other	6,501,836	8,929,463	6,504,903	8,201,054	13,440,776	17,157,346	74,000	73,746	76,567
	54,887,907	59,125,652	54,199,629	10,835,804	16,141,996	20,287,252	16,966,590	14,400,310	16,251,317
Expenses									
Salaries, wages and benefits	18,720,340	18,926,345	17,616,121	2,660,000	2,653,553	3,580,857	5,927,139	6,782,117	6,539,876
Amortization	2,761,000	2,758,044	2,677,859	100,000	148,167	27,060	624,104	624,104	740,132
Programs	30,788,170	35,601,528	30,719,457	9,740,000	9,914,361	11,488,425	9,067,002	7,329,212	9,344,695
	52,269,510	57,285,917	51,013,437	12,500,000	12,716,081	15,096,342	15,618,245	14,735,433	16,624,703
Surplus (deficit) for the year	2,618,397	1,839,735	3,186,192	(1,664,196)	3,425,915	5,190,910	1,348,345	(335,123)	(373,386)

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Notes to Consolidated Financial Statements
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	Health			Social Housing			Total		
	Budget \$ (note 16)	2017 \$	2016 \$	Budget \$	2017 \$	2016 \$	Budget \$	2017 \$	2016 \$
(continued)									
Revenues									
Federal government transfers	16,174,624	14,801,391	14,788,604	274,086	274,086	299,502	81,079,213	79,272,290	78,489,147
Provincial government transfers							3,282,908	3,027,160	3,598,341
Other	296,683	879,798	596,435	955,861	957,045	894,734	16,029,434	24,280,828	25,229,985
	16,471,307	15,681,189	15,385,039	1,229,947	1,231,131	1,194,236	100,391,555	106,580,278	107,317,473
Expenses									
Salaries, wages and benefits	12,071,293	10,809,107	10,860,842		48,477	48,516	39,378,772	39,219,599	38,646,212
Amortization		568,613	570,728	397,960	498,316	506,533	3,883,064	4,597,244	4,522,312
Programs	4,774,781	4,167,473	3,600,104	424,820	587,479	650,841	54,794,773	57,600,053	55,803,522
	16,846,074	15,545,193	15,031,674	822,780	1,134,272	1,205,890	98,056,609	101,416,896	98,972,046
Surplus (deficit) for the year	(374,767)	135,996	353,365	407,167	96,859	(11,654)	2,334,946	5,163,382	8,345,427

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Notes to Consolidated Financial Statements

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16 Budgeted figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

17 Risk management

The First Nation is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments.

The First Nation's accounts receivable is exposed to credit risk. The First Nation manages its exposure to credit risk by limiting the amount of wage and travel advances and other receivables outstanding. The maximum exposure to credit risk as March 31, 2017 is \$7,871,448 (2016 - \$5,759,808) as outlined in note 4.

The First Nation is exposed to liquidity risk as a result of being economically dependent on restricted funding and its net debt position at March 31, 2017. The First Nation's approach to managing liquidity risk is to ensure that it will have sufficient cash flows to fund its operations and to meet its obligations when due, under both normal and stressed conditions.

The First Nations is exposed to interest rate risk on its bank indebtedness, which bear interest at floating rates.

18 Classification

Certain expenses and revenues for the prior year have been reclassified to conform with current year presentation.

19 Subsequent events

The First Nation has negotiated a \$44,822,000 operating loan with the First Nation Finance Authority. The load was entered into through the Borrowing Law as of June 27, 2017

Subsequent to year end, the First Nation has drawn \$18,746,000 on this facility for the purposes of economic development, housing and community building projects.