



Piapot First Nation
Consolidated Financial Statements
March 31, 2016



ACCOUNTING > CONSULTING > TAX
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To the Members of Piapot First Nation:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council 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 consolidated financial statements and report directly to the Members of Piapot 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.

Signed by - Della Chicoose

Management

Independent Auditors' Report

To the Members of Piapot First Nation:

We have audited the accompanying consolidated financial statements of Piapot First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows, and the related schedules for the year then ended, and 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.

Auditors' 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Piapot First Nation as at March 31, 2016 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Notes 10 and 11 to the consolidated financial statements which describe that Piapot First Nation initiated a Qu'Appelle Valley Indian Development Authority (QVIDA) flood claim for damages sustained by the First Nation. The First Nation has obtained a loan to fund costs of negotiations and has taken insurance to cover the repayment of the loan if in excess of settlement proceeds.

Saskatoon, Saskatchewan

July 26, 2016

MNP LLP

Chartered Professional Accountants

Piapot First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Current		
Cash and cash equivalents	742,030	816,367
Accounts receivable (Note 3)	393,307	319,573
Restricted cash (Note 4)	346,305	554,712
	1,481,642	1,690,652
Portfolio investments (Note 5)	80,000	80,000
Investments in commercial enterprises (Note 6)	(490,841)	(319,819)
Funds held in Ottawa Trust Fund (Note 7)	33,116	89,934
Total financial assets	1,103,917	1,540,767
Liabilities		
Current		
Accounts payable and accruals	517,576	321,214
Deferred revenue (Note 8)	53,043	223,397
Due to related parties (Note 9)	35,000	59,670
Current portion of long-term debt (Note 12)	515,786	549,108
Term loans due on demand (Note 11)	1,151,276	766,092
	2,272,681	1,919,481
Long-term debt (Note 12)	5,006,523	3,452,587
Total financial liabilities	7,279,204	5,372,068
Net debt	(6,175,287)	(3,831,301)
Contingent asset (Note 10)		
Non-financial assets		
Tangible capital assets (Note 13)	41,796,206	40,077,952
Prepaid expenses	33,574	47,013
Total non-financial assets	41,829,780	40,124,965
Accumulated surplus (Note 14)	35,654,493	36,293,664

Approved on behalf of the Council

Signed by - Jeremy Fourhorns	Chief	Signed by - Tracy Desjarlais	Councillor
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Piapot First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
Revenues			
Indigenous and Northern Affairs Canada (Note 18)	5,466,590	5,593,424	5,831,379
Earnings from investments in commercial enterprises (Note 6)	1,500,000	2,378,925	2,179,169
First Nations Trust	720,000	810,457	808,003
Health Canada	632,384	638,742	662,689
FHQ Tribal Council	301,037	371,289	306,503
Living Sky CDC	181,835	195,303	160,845
CMHC (Subsidy)	79,051	160,392	109,045
CMHC (Rent)	81,000	156,761	143,430
Rental	52,800	136,115	171,769
CMHC (RRAP/HASI)	-	124,051	35,024
Other	161,044	110,872	110,150
Daycare fees	13,000	14,895	15,830
Interest	-	18,228	7,016
Federation of Sovereign Indigenous Nations	-	-	100,000
	9,188,741	10,709,454	10,640,852
Program expenses			
Community Development	1,335,031	1,901,603	2,092,398
Economic Development	91,531	81,846	83,090
Education	2,412,958	2,505,722	2,408,745
Government Support	711,420	649,922	797,094
Land Management	279,874	282,783	127,556
Social Development	1,133,846	1,308,575	1,336,559
Indian Registry	17,418	20,283	17,020
Health	660,752	750,055	741,350
Band Programs	2,332,474	3,847,836	3,414,383
Total expenses	8,975,304	11,348,625	11,018,195
Annual surplus (deficit)	213,437	(639,171)	(377,343)
Accumulated surplus, beginning of year	36,293,664	36,293,664	36,671,007
Accumulated surplus, end of year	36,507,101	35,654,493	36,293,664

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

Piapot First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
Annual deficit	213,437	(639,171)	(377,343)
Purchases of tangible capital assets	-	(2,530,686)	(2,280,662)
Amortization of tangible capital assets	-	812,432	702,971
Use of prepaid expenses	-	13,439	16,881
	-	(1,704,815)	(1,560,810)
Decrease (increase) in net debt	213,437	(2,343,986)	(1,938,153)
Net debt, beginning of year	(3,831,301)	(3,831,301)	(1,893,148)
Net debt, end of year	(3,617,864)	(6,175,287)	(3,831,301)

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

Piapot First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Annual deficit	(639,171)	(377,343)
Non-cash items		
Amortization	812,432	702,971
Earnings from investments in commercial enterprises (Note 6)	(2,378,925)	(2,179,169)
	(2,205,664)	(1,853,541)
Changes in		
Accounts receivable	(73,734)	(179,611)
Prepaid expenses	13,439	16,881
Accounts payable and accruals	173,972	(72,057)
Deferred revenue	(147,964)	(363,281)
	(2,239,951)	(2,451,609)
Financing activities		
Advances of term loans due on demand and long-term debt	5,653,273	4,803,509
Repayment of term loans due on demand and long-term debt	(3,747,475)	(2,403,945)
	1,905,798	2,399,564
Capital activities		
Purchases of tangible capital assets	(2,530,686)	(2,280,662)
Investing activities		
Decrease in restricted cash (net)	208,407	278,413
Increase in portfolio investments	-	(20,000)
Distributions from investments in commercial enterprises (Note 6)	2,549,947	2,275,993
Decrease in funds Ottawa Trust Fund	56,818	97,293
Increase (decrease) in due to related parties (net)	(24,670)	348,954
	2,790,502	2,980,653
Increase (decrease) in cash resources	(74,337)	647,946
Cash resources, beginning of year	816,367	168,421
Cash resources, end of year	742,030	816,367
Supplementary cash flow information		
Interest paid	170,007	126,485

1. Operations

The Piapot First Nation (the "First Nation") is located in Treaty 4 Territory, Canada and provides various services to its Members. The Piapot First Nation financial reporting entity includes all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated 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.

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

- Piapot First Nation;
- Piapot First Nation Health Services;
- Piapot First Nation CMHC Housing;
- Kehiew Holdings Inc.;
- Piapot Treaty Land Entitlement Trust;
- Piapot First Nation Business Trust; and
- Piapot Specific Claim Trust.

All inter-entity balances have been eliminated on consolidation; however, transactions between segments have not been eliminated in order to present the results of operations for each specific segment.

Piapot First Nation Business Trust is an other government organization and is fully consolidated by the First Nation. The Trust owns Cree Land Mini-Mart Limited Partnership and consolidates the Partnership using the modified equity method. Income and expenses of the Trust are allocated to the First Nation for its fiscal year of January to December 31.

Piapot First Nation business entities, owned or controlled by the First Nation but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for its proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Piapot Urban Development Corporation (Oskapewis Holdings Inc.) is accounted for using the modified equity method.

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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

Restricted cash

Restricted cash consists of funds held in the CMHC replacement reserve bank account, the CMHC operating reserve bank account, the school boiler replacement bank account and the emergency road repairs bank account, Piapot Specific Claims and Lawyer Trust Account relating to CMHC housing contract.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as a 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 comprises a second indicator of financial position, accumulated surplus.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible 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.

Capital lease

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

Amortization

Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives. Assets under construction are not amortized until they are put into use. Land is not amortized.

	Rate
Buildings	40 years
Infrastructure	40 years
Housing (Band and CMHC)	25 years
Equipment	10 years
Vehicles	5 years

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced 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.

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

Funds held in Ottawa Trust Fund

These funds are held in trust on behalf of the First Nation by the Government of Canada. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions, 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.

Revenues from trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Rental revenue is recognized over the rental term. Other revenues earned from other services provided by the First Nation are recognized when the service has been provided.

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.

Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates/assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records in the periods in which they become known.

Segments

The First Nation conducts its business through 10 reportable segments (Note 17). These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, 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.

Related entities financial statements

Separate financial statements are prepared for the following related entities:

- Piapot First Nation CMHC Housing;
- Kehiew Holdings Inc; and
- Creeland Mini-Mart Limited Partnership.

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

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts 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, 2016.

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 its settle or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. No liability has been recorded at March 31, 2016.

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 reported in these consolidated financial statements.

Retirement benefits

The First Nation has a defined contribution pension plan covering substantially all full-time employees who have completed one year of service. There are no prior service costs. The First Nation follows the policy of funding retirement plan contributions as accrued. The First Nation contributions totaled \$84,556 (2015 - \$96,715).

Recent accounting pronouncements

Inter-Entity Transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 3420 *Inter-Entity Transactions*. The new Section establishes standards 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, revenues and expenses are recognized 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 amount 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. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

Related Party Transactions

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions 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 relationship 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. The First Nation does not expect the adoption of these new standards to have a material impact on its financial statements.

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

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 Handbook (PSA HB).

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

PS 3320 *Contingent Assets* establishes disclosure standards on contingent assets.

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 this 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. The First Nation does not expect the adoption of these new standards to have a material impact on its financial statements.

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. A related standard, PS 1201, was issued to address changes to financial statement presentation related to financial instruments. In June 2015, the effective date was deferred to fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

3. Accounts receivable

	2016	2015
File Hills Qu'Appelle Tribal Council	98,248	79,951
CMHC (RRAP/HASI)	71,623	-
Goods and Services Tax	46,232	36,450
Other	55,549	31,945
Salary advances receivable	37,653	-
Living Sky CDC	36,666	90,845
Indigenous and Northern Affairs Canada	24,938	31,111
CMHC (Subsidy)	15,398	25,271
Saskatchewan Student work program	7,000	14,000
Health Canada	-	10,000
	393,307	319,573

Piapot First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. Restricted cash

	2016	2015
CMHC - Replacement reserve	145,641	216,657
CMHC - Operating reserve	7,715	7,715
Capital projects - School Boiler repairs/Flood repairs	94,424	279,194
Lawyers' Trust - Baltic Homes	75,960	28,581
Specific Claims	22,565	22,565
	346,305	554,712

5. Portfolio investments

The First Nation has an 8.3% interest in Keseechiwan Holdings Inc. (Swift Current Casino Development) which has a carrying value of \$60,000. The First Nation also has a \$20,000 non-redeemable Guaranteed Investment Certificate with Royal Bank of Canada with interest at 2.00% maturing October 20, 2019.

6. Investments in commercial enterprises

Summary financial information for each business entity, accounted for using the modified equity method, for their respective year-end is as follows:

The First Nation has investments in the following entities:

	Opening	Contributions	Share of earnings	Withdrawals April 1 to December 31, 2015	Withdrawals January 1 to March 31, 2016	Ending
Piapot First Nations Business Trust (Cree Land Mini-Mart Limited Partnership)	(354,853)	380,507	2,378,925	(2,180,454)	(750,000)	(525,875)
Piapot Urban Development Corporation (Oskapewis Holdings Inc.)	35,034	-	-	-	-	35,034
	(319,819)	380,507	2,378,925	(2,180,454)	(750,000)	(490,481)

Piapot First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

6. Investments in commercial enterprises *(Continued from previous page)*

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their respective year-ends is as follows:

	<i>Piapot First Nation Business Trust (Cree Land Mini-Mart Limited Partnership) As at December 31, 2015</i>	<i>Piapot Urban Development Corporation (Oskapewis Holdings Inc.) As at March 31, 2016</i>
Assets		
Current	829,330	34
Due from related parties	-	35,000
Property, plant and equipment	417,728	-
Total assets	1,247,058	35,034
Liabilities		
Current	556,628	-
Long-term debt	472,911	-
Total liabilities	1,029,539	-
Equity (deficiency)	217,519	35,034
Total revenues	13,239,173	-
Total expenses	10,860,248	-
Net income	2,378,925	-

Principal repayments on long-term debt of the First Nation's business enterprises in each of the next five years assuming long-term debt subject to refinancing is renewed at similar terms, are estimated as follows:

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>Thereafter</i>	<i>Total</i>
Cree Land Mini-Mart	163,088	170,001	116,503	38,380	40,667	107,360	635,999

The First Nation has guaranteed an operating loan for Cree Land Mini-Mart Limited Partnership with an authorized limit of \$350,000 bearing interest at Royal Bank prime plus 2% and a Royal Bank fixed rate term loan, repayable in monthly instalments of \$11,800 including interest at 3.75%, due July 2018.

7. Funds held in Ottawa Trust Fund

	<i>Balance Beginning of Year</i>	<i>Lease income</i>	<i>Interest income</i>	<i>Payments to Nation</i>	<i>Balance End of Year</i>
Capital account	3,872	-	-	-	3,872
Revenue account	86,062	102,843	17,554	(177,215)	29,244
	89,934	102,843	17,554	(177,215)	33,116

Piapot First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

8. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Road repairs (INAC)	27,678	-	4,278	23,400
School boiler replacement (INAC)	195,719	-	166,076	29,643
	223,397	-	170,354	53,043

9. Due to related parties

	2016	2015
Piapot Urban Development Corporation (Oskapewis Holdings Inc.)	35,000	35,000
Cree Land Mini-Mart Limited Partnership	-	24,670
	35,000	59,670

The amounts are unsecured, non-interest bearing and have no fixed terms of repayment. Piapot First Nation owns 100% interest in Cree Land Mini-Mart Limited Partnership through the Piapot First Nation Business Trust. Piapot owns 100% of Piapot Urban Development Corporation (Oskapewis Holdings Inc.).

10. Contingent asset

During the year the Piapot First Nation initiated a Qu'Appelle Valley Indian Development Authority (QVIDA) flood claim against the Government of Canada. The First Nation has obtained a loan to finance certain costs of negotiating the settlement. Insurance has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time the claim is resolved.

As of March 31, 2016, expenses totalling \$657,324 have been incurred and available financing drawn (Note 11). The First Nation anticipates these costs will be paid from settlement proceeds. When the claim is finalized or the insurance proceeds are paid the amounts will be recognized in revenue.

11. Term loans due on demand

	2016	2015
RBC term loan repayable in interest only payments at bank prime rate, due June 2016, secured by an insurance policy with AmTrust Europe Limited (Note 10)	657,324	-
RBC term loan repayable in interest only payments at bank prime rate plus 1.5%, maturing August 2016	493,952	-
RBC term loan	-	766,092
	1,151,276	766,092

Piapot First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

12. 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 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>2016</u>	<u>2015</u>
V	3,455	4.54%	1-Oct-18	100,939	136,973
VIII	3,885	2.50%	1-Dec-18	123,836	166,775
IX	653	2.50%	1-Dec-19	28,007	35,041
X	513	0.99%	1-Dec-19	22,632	29,413
XI	4,427	2.01%	1-Oct-19	798,298	834,499
XII	6,019	1.08%	1-Aug-20	870,442	-
				1,944,154	1,201,702
Canada Mortgage and Housing Corporation Phase XIII loan advances				1,490,708	-
RBC loan repayable in quarterly instalments of \$72,500 including interest at 3.75%, maturing October 2020, secured by a general security agreement				1,244,607	1,482,118
RBC loan repayable in quarterly instalments of \$38,200 including interest at 4%, maturing October 2017, secured by a general security agreement				528,354	656,648
RBC financing lease, repayable in monthly instalments of \$6,769 including interest at 4.5%, maturing September 2018, secured by equipment with a net book value of \$281,135				203,073	263,457
RBC term loan repayable in quarterly instalments of \$11,339 including interest at 3.75%, maturing August 2017, secured by a general security agreement				66,508	-
RBC financing lease, repayable in monthly instalments of \$1,604 including interest at 4.06%, maturing July 2018, secured by equipment having a net book value of \$48,843				44,905	-
Canada Mortgage and Housing Corporation Phase XII loan advances				-	397,770
				5,522,309	4,001,695
Less: current portion				515,786	549,108
				5,006,523	3,452,587

Principal repayments on long-term debt in each of the next five years, assuming loans are renewed at similar rates and terms, are estimated as follows:

2017	515,786
2018	514,250
2019	459,182
2020	387,018
2021	200,349

Piapot First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Operating Capital	368,607	733,692
CMHC Replacement Reserve	35,122,621	35,310,165
CMHC Operating Reserve	105,568	129,312
Ottawa Trust Fund	24,581	30,561
	33,116	89,934
	35,654,493	36,293,664

At March 31, 2016 the accumulated operating surplus includes \$657,324 of expenses for the QVIDA flood claim disclosed in Note 10.

15. Funds and reserves

The Piapot 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;
- 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 this 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; and
- Ottawa Trust Fund reports trust moneys owned by the First Nation and held by the Government of Canada.

16. Economic dependence

Piapot First Nation receives some of its revenue from the Government of Canada as a result of Treaties entered into with Her Majesty the Queen. These Treaties are administered by Indigenous and Northern Affairs Canada 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. Segments

The First Nation has 10 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Community Development - reports on capital projects and major repairs to community infrastructure;

Economic Development - reports on the economic development of the First Nation;

Education - reports on the operations of the First Nation's education programs;

Government Support - reports administration and governance activities;

Land Management - reports on operations for administration of lands;

Social Development - reports on delivery of social programs;

Indian Registry - reports on administration of membership;

Health - reports on operations of the First Nation's health programs;

Band Programs - reports on operations of band programs not funded by INAC and Health Canada; and

Ottawa Trust Funds - reports on revenue allocated to the fund and transfers to other segments.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

Details of the segment revenues and expenses are provided in the accompanying schedules. There are no revenues or expenses that have not been allocated to a segment.

18. Indigenous and Northern Affairs Canada Reconciliation

INAC funding per confirmation	5,403,523
Add:	
Deferred revenue, beginning of year	223,397
Band employee benefits reconciliation	24,938
Deduct:	
2015/16 Funding recovered	5,390
Deferred revenue, end of year	53,044
	5,593,424

19. Budget information

The disclosed budget information has been approved by the Chief and Council of the Piapot First Nation in April 2015. The approved budget does not include budget amounts for tangible capital assets that are approved by other proposals, such as CMHC housing phases. A detailed budget for these projects is approved by Chief and Council and included in the project funding application.

20. Commitment

The First Nation has entered into an agreement to complete Phase 14 of CMHC Housing. CMHC has committed \$3,521,250 to build 15 housing units. As of March 31, 2016 an agreement has been signed with Baltic Homes to build the houses for \$2,976,810 with additional costs not yet contracted. No costs have been incurred as of March 31, 2016. The houses are expected to be completed July 2017.

21. Comparative figures

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

Piapot First Nation
- Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016 Budget (Note 19)	2016 Actual	2015 Actual
Salaries and benefits	2,728,531	2,570,931	2,432,118
Social assistance	881,892	973,802	1,064,559
Governance	889,125	835,763	1,025,868
Amortization	-	812,432	702,971
Contracted services	573,680	767,860	639,499
Community events	789,409	718,281	708,771
Assistance	-	506,259	696,365
Student expenses	507,330	480,634	522,531
Insurance	112,894	458,102	130,037
Professional fees	180,538	406,742	136,395
National child benefit	342,926	405,382	409,606
Supplies	130,041	252,718	123,839
Utilities	193,367	236,106	207,260
Travel	171,115	230,246	187,634
Tuition	241,302	229,564	353,257
Elders fees	130,000	176,169	82,098
Renovations	208,390	174,353	559,693
Interest on long-term debt	138,648	170,007	126,485
Project management	65,000	110,039	69,547
Office	56,813	103,732	64,838
National child benefit - projects	108,323	102,648	120,102
Workshops	72,033	98,393	103,513
Program expense	43,000	89,246	37,715
Training	91,136	69,354	87,006
Rent paid on behalf of members	60,000	65,227	43,451
Telephone	46,380	64,537	57,713
Office equipment lease	113,738	48,368	25,493
Rent	-	45,635	-
Bank charges and interest	13,717	32,039	21,408
Per diems	1,500	24,080	275
Property tax	25,000	21,761	23,048
Administration	14,497	21,330	59,127
Nutrition program	24,979	19,335	16,665
Meal preparation	6,000	14,900	20,830
Office rent	9,000	9,000	2,400
Economic	5,000	3,650	21,680
Other	-	-	33,260
QVIDA	-	-	101,138
	8,975,304	11,348,625	11,018,195

Piapot First Nation
Community Development
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	1,034,749	1,232,085	1,700,555
Rental	52,800	33,272	24,262
Other	15,000	29,250	20,005
FHQ Tribal Council	10,118	10,118	10,118
Interest	-	213	1,105
	1,112,667	1,304,938	1,756,045
Expenses			
Amortization	-	466,972	466,972
Repairs and maintenance	117,537	291,181	295,437
Contracted services	237,882	264,976	231,764
Salaries and benefits	218,427	216,114	192,759
Utilities	181,067	211,598	183,526
Insurance	84,835	103,193	88,611
Renovations	208,390	78,358	410,260
Project management fees	55,000	75,039	54,047
Administration	69,215	69,207	69,215
Supplies	37,250	54,865	39,690
Interest on long-term debt	-	20,845	16,136
Telephone	23,800	20,321	29,871
Rent	-	13,635	-
Office equipment lease	85,028	7,118	1,687
Travel	9,600	5,633	6,060
Training	1,000	2,163	-
Office	6,000	385	6,363
	1,335,031	1,901,603	2,092,398
Deficit before transfers	(222,364)	(596,665)	(336,353)
Transfers between programs	227,364	(204,515)	(232,380)
Surplus (deficit)	5,000	(801,180)	(568,733)

Piapot First Nation
Economic Development
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
FHQ Tribal Council	91,531	91,531	91,531
Expenses			
Travel	10,600	30,891	304
Contracted services	60,000	22,061	49,263
Per diems	-	17,830	-
Economic	5,000	3,650	21,680
Office	-	3,260	-
Insurance	-	3,123	-
Training	-	681	2,690
Telephone	-	350	-
Administration	9,153	-	9,153
Professional fees	6,778	-	-
	91,531	81,846	83,090
Surplus before transfers	-	9,685	8,441
Transfers between programs	-	(9,685)	(8,441)
Surplus	-	-	-

Piapot First Nation
Education

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenues			
Indigenous and Northern Affairs Canada	2,225,054	2,254,223	2,146,638
FHQ Tribal Council	-	39,589	15,480
Other	-	2,361	14,000
	2,225,054	2,296,173	2,176,118
Expenses			
Salaries and benefits	1,326,036	1,262,744	1,202,067
Student expenses	507,330	480,634	522,531
Tuition	241,302	229,564	353,257
Contracted services	186,363	208,523	187,511
Supplies	23,600	116,054	22,888
Program expense	35,000	81,453	32,364
Administration	39,695	39,672	39,695
Office	12,330	34,416	9,614
Office equipment lease	14,700	20,532	16,834
Travel	10,100	13,728	9,731
Training	10,000	8,764	4,364
Per diems	1,500	6,250	275
Insurance	2,352	2,432	2,352
Telephone	1,000	956	1,131
Project management	-	-	2,500
Bank charges and interest	1,650	-	1,631
	2,412,958	2,505,722	2,408,745
Deficit before transfers	(187,904)	(209,549)	(232,627)
Transfers between programs	209,344	192,322	243,656
Surplus (deficit)	21,440	(17,227)	11,029

Piapot First Nation
Government Support
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	546,929	563,336	515,337
Other	104,491	58	33,272
	651,420	563,394	548,609
Expenses			
Salaries and benefits	493,868	446,147	523,535
Rent paid on behalf of Members - CMHC housing	60,000	65,227	43,451
Professional fees	35,000	46,569	59,342
Travel	35,000	33,037	42,599
Contracted services	25,600	31,021	42,076
Project management	10,000	22,000	13,000
Training	10,000	14,238	17,303
Telephone	10,000	11,231	1,850
Office	14,000	10,357	35,065
Bank charges and interest	6,500	9,185	14,604
Office equipment lease	8,660	2,992	960
Administration	2,792	2,784	2,758
Insurance	-	-	503
Repairs and maintenance	-	-	48
	711,420	694,788	797,094
Deficit before transfers	(60,000)	(131,394)	(248,485)
Transfers between programs	-	168,834	145,810
Surplus (deficit)	(60,000)	37,440	(102,675)

Piapot First Nation
Land Management
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Indigenous and Northern Affairs Canada	254,874	229,958	190,722
Expenses			
Travel	35,000	57,674	11,805
Salaries and benefits	98,000	56,303	50,467
Office	8,700	38,697	3,014
Contracted services	32,500	32,161	6,995
Administration	14,304	22,995	19,072
Property tax	25,000	21,761	23,048
Professional fees	27,500	15,955	1,441
Office equipment lease	-	13,141	-
Office rent	9,000	9,000	2,400
Supplies	12,240	6,643	1,212
Training	11,500	5,600	8,102
Repairs and maintenance	6,130	1,640	-
Insurance	-	1,213	-
	279,874	282,783	127,556
Surplus (deficit) before transfers	(25,000)	(52,825)	63,166
Transfers between programs	25,000	21,715	33,048
Surplus (deficit)	-	(31,110)	96,214

Piapot First Nation
Social Development
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	1,168,816	1,296,406	1,261,107
FHQ Tribal Council	28,800	56,256	13,438
Other	-	2,059	-
	1,197,616	1,354,721	1,274,545
Expenses			
Social assistance	881,892	973,802	1,064,559
Salaries and benefits	95,819	145,152	108,693
National child benefit	108,323	102,648	117,717
Community events	-	27,306	-
Contracted services	7,500	25,825	6,675
Travel	14,074	11,778	4,431
Administration	15,588	11,734	28,007
Bank charges and interest	2,867	3,233	2,725
Telephone	-	2,400	-
Office	7,783	2,349	3,602
Training	-	2,348	-
Workshops	-	-	150
	1,133,846	1,308,575	1,336,559
Deficit before transfers	63,770	46,146	(62,014)
Transfers between programs	(63,770)	(21,002)	(10,591)
Surplus (deficit)	-	25,144	(72,605)

Piapot First Nation
Indian Registry
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Indigenous and Northern Affairs Canada	17,418	17,416	17,020
Expenses			
Salaries and benefits	14,003	16,870	12,979
Administration	1,742	1,740	1,639
Travel	1,273	1,232	1,498
Contracted services	-	250	-
Office	400	191	904
	17,418	20,283	17,020
Deficit before transfers	-	(2,867)	-
Transfers between programs	-	2,867	-
Surplus	-	-	-

Piapot First Nation
Health

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 <i>Budget</i>	2016 <i>Actual</i>	2015 <i>Actual</i>
Revenues			
Health Canada	632,384	638,742	662,689
FHQ Tribal Council	22,888	23,888	26,720
Interest	-	60	63
Other	-	-	750
	655,272	662,690	690,222
Expenses			
Salaries and benefits	289,677	296,456	244,922
Workshops	72,033	98,393	103,363
Professional fees	90,284	87,358	63,641
Supplies	56,951	54,909	60,049
Amortization	-	50,607	50,607
Travel	52,818	50,538	72,879
Training	34,636	21,449	52,047
Nutrition program	24,979	19,335	16,665
Utilities	6,300	15,208	16,897
Meal preparation	6,000	14,900	20,830
Insurance	7,274	12,704	7,508
Telephone	10,500	11,024	11,234
Repairs and maintenance	-	5,773	8,284
Office equipment lease	3,900	4,250	4,874
Freight and postage	200	3,800	3,500
Bank charges and interest	2,700	2,917	2,352
Elders fees	2,500	434	1,698
	660,752	750,055	741,350
Deficit before transfers	(5,480)	(87,365)	(51,128)
Transfers between programs	-	7,560	-
Deficit	(5,480)	(79,805)	(51,128)

Piapot First Nation
Band Programs

Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 <i>Budget</i>	2016 <i>Actual</i>	2015 <i>Actual</i>
Revenues			
Indigenous and Northern Affairs Canada	218,750	-	-
Earnings from investment in commercial enterprises	1,500,000	2,378,925	2,179,169
First Nations Trust	720,000	810,457	808,003
Living Sky CDC	181,835	195,303	160,845
CMHC (Subsidy)	79,051	160,392	109,045
CMHC (Rent)	81,000	156,761	143,430
FHQ Tribal Council	147,700	149,907	149,216
CMHC (RRAP/HASI)	-	124,051	35,024
Other	41,553	77,144	42,125
Daycare fees	13,000	14,895	15,830
Interest	-	400	400
Federation of Sovereign Indigenous Nations	-	-	100,000
	2,982,889	4,068,235	3,743,087

Continued on next page

Piapot First Nation
Band Programs
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<i>(Continued from previous page)</i>	2,982,889	4,068,235	3,743,087
Expenses			
Governance	889,125	835,763	1,025,868
Community events	789,409	690,975	708,771
Assistance	-	506,259	696,365
Insurance	18,433	335,437	31,063
Amortization	-	294,853	185,392
Professional fees	20,976	256,860	11,971
Contracted services	23,835	183,044	115,216
Elders fees	127,500	175,735	80,400
Interest on long-term debt	138,648	149,162	110,349
Salaries and benefits	192,701	131,145	96,695
Repairs and maintenance	219,259	106,788	105,837
Renovations	-	95,995	149,434
Rent	-	32,000	-
Travel	2,650	25,735	38,326
Supplies	-	20,247	-
Telephone	1,080	18,255	13,627
Bank charges and interest	-	16,704	96
Training	24,000	14,111	2,500
Project management	-	13,000	-
Office	7,400	10,277	2,776
Utilities	6,000	9,300	6,837
Program expense	8,000	7,793	5,351
Office equipment lease	1,450	334	1,139
National child benefit - projects	-	-	2,385
QVIDA	-	-	101,138
Other	-	-	33,260
Administration	(137,992)	(126,802)	(110,413)
	2,332,474	3,802,970	3,414,383
Surplus before transfers	650,415	265,265	328,704
Transfers between programs	(397,938)	19,119	79,144
Surplus	252,477	284,384	407,848

Piapot First Nation
Ottawa Trust Funds
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenues			
Rental	-	102,843	147,507
Interest	-	17,555	5,448
Surplus before transfers	-	120,398	152,955
Transfers between programs	-	(177,215)	(250,248)
Deficit	-	(56,817)	(97,293)