

# **Pelican Lake First Nation**

**Consolidated Financial Statements**  
**March 31, 2014**

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of Pelican Lake First Nation are the responsibility of management and have been approved by Chief and Council.

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


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

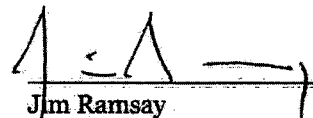
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The external auditors, PricewaterhouseCoopers LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pelican Lake First Nation and meet when required.

On behalf of Pelican Lake First Nation:

  
Dennis Lewis  
Chief

  
Jim Ramsay  
Band Administrator

August 7, 2014



August 7, 2014

## **Independent Auditor's Report**

**To the Chief and Council of  
Pelican Lake First Nation**

We have audited the accompanying consolidated financial statements of Pelican Lake First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, changes in net debt 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.

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



We believe that the audit evidence we have obtained 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 Pelican Lake First Nation as at March 31, 2014 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

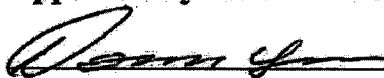
# Pelican Lake First Nation

## Consolidated Statement of Financial Position

As at March 31, 2014

	2014 \$	2013 \$
<b>Financial assets</b>		
Cash (note 2)	710,615	1,473,578
Temporary investments (note 2)	-	460,000
Accounts receivable (note 3)	1,162,731	814,617
Trust funds held by federal government (note 4)	1,074	13,943
Due from government (note 5)	256,373	308,501
Inventories for resale	145,818	93,498
Investments in government business enterprises (note 6)	-	48,874
	<u>2,276,611</u>	<u>3,213,011</u>
<b>Financial liabilities</b>		
Bank overdrafts (note 2)	1,045,529	775,488
Accounts payable and accrued liabilities	142,225	337,684
Deferred revenue (note 7)	473,236	1,653,557
Long-term debt (note 8)	<u>4,345,959</u>	<u>4,526,114</u>
	<u>6,006,949</u>	<u>7,292,843</u>
<b>Net debt</b>	<u>(3,730,338)</u>	<u>(4,079,832)</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 19)	<u>15,963,192</u>	<u>15,085,089</u>
<b>Accumulated surplus (note 14)</b>	<u>12,232,854</u>	<u>11,005,257</u>
Employee future benefits (note 9)		
Contingent liabilities (note 10)		

Approved by Chief and Council



Chief



Councillor

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

**Pelican Lake First Nation**  
**Consolidated Statement of Operations**  
**For the year ended March 31, 2014**

	<b>Budget</b> \$ (note 17)	<b>2014</b> \$	<b>2013</b> \$
<b>Revenue</b>			
Federal government transfers for operating (note 11)	7,388,703	8,352,953	7,851,433
Federal government transfers for capital (note 11)	-	1,401,473	2,219,959
Pelican Lake Mall and Store	-	3,542,195	3,338,297
Agency Chiefs Tribal Council	723,500	937,091	576,739
First Nations Trust	595,000	572,403	562,494
Rent	399,948	491,514	505,051
Other	28,047	383,744	317,257
Amounts earned and held in trust by federal government	-	4,878	5,726
Loss from investments in government business enterprises	-	(48,874)	(201,350)
	<u>9,135,198</u>	<u>15,637,377</u>	<u>15,175,606</u>
<b>Expenses (note 13)</b>			
Pelican Lake Mall and Store	-	3,635,507	3,269,605
Education	3,110,043	3,391,995	3,365,556
Social services	1,843,743	2,065,990	2,086,865
Band government	1,552,600	1,782,969	1,758,211
Community infrastructure	1,121,619	1,348,743	1,289,427
Housing and capital projects	732,500	820,549	863,240
Health	406,452	412,952	431,369
Other programs	10,000	91,121	83,018
Amortization	-	859,954	809,432
	<u>8,776,957</u>	<u>14,409,780</u>	<u>13,956,723</u>
<b>Surplus for the year (note 15)</b>	<u>358,241</u>	<u>1,227,597</u>	<u>1,218,883</u>
<b>Accumulated surplus – Beginning of year</b>	<u>11,005,257</u>	<u>11,005,257</u>	<u>9,786,374</u>
<b>Accumulated surplus – End of year (note 14)</b>	<u>11,363,498</u>	<u>12,232,854</u>	<u>11,005,257</u>
Segment disclosure (note 18)			

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

**Pelican Lake First Nation****Consolidated Statement of Changes in Net Debt****For the year ended March 31, 2014**

	<b>Budget</b> <b>\$</b> <b>(note 17)</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Surplus for the year</b>	243,297	1,227,597	1,218,883
Acquisition of tangible capital assets	-	(1,738,057)	(2,431,307)
Amortization of tangible capital assets	-	859,954	809,432
Proceeds from disposal of tangible capital assets	-	-	36,493
<b>Change in net debt</b>	243,297	349,494	(366,499)
<b>Net debt – Beginning of year</b>	(4,079,832)	(4,079,832)	(3,713,333)
<b>Net debt – End of year</b>	(3,836,535)	(3,730,338)	(4,079,832)

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

**Pelican Lake First Nation**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2014**

	2014 \$	2013 \$
<b>Operating activities</b>		
Surplus for the year	1,227,597	1,218,883
Items not affecting cash		
Amortization of tangible capital assets	859,954	809,432
Loss from investments in government business enterprises	48,874	201,350
Net change in financial assets and liabilities (note 16)	(1,711,217)	1,238,767
	<u>425,208</u>	<u>3,468,432</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(1,738,057)	(2,431,307)
Proceeds from disposal of tangible capital assets	-	36,493
	<u>(1,738,057)</u>	<u>(2,394,814)</u>
<b>Financing activities</b>		
Debt issues	442,766	500,000
Debt retirement	(622,921)	(483,739)
	<u>(180,155)</u>	<u>16,261</u>
<b>Investing activities</b>		
Purchase of temporary investments	-	(2,000,000)
Redemption of temporary investments	460,000	1,540,000
	<u>460,000</u>	<u>(460,000)</u>
<b>Change in net cash</b>	<u>(1,033,004)</u>	<u>629,879</u>
<b>Net cash – Beginning of year</b>	<u>698,090</u>	<u>68,211</u>
<b>Net cash – End of year</b>	<u>(334,914)</u>	<u>698,090</u>
<b>Net cash is comprised of</b>		
Cash (note 2)	710,615	1,473,578
Bank overdrafts (note 2)	(1,045,529)	(775,488)
	<u>(334,914)</u>	<u>698,090</u>
<b>Supplementary cash flow information</b>		
Interest paid in year	<u>239,398</u>	<u>159,842</u>

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



# **Pelican Lake First Nation**

## **Notes to Consolidated Financial Statements**

**March 31, 2014**

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### **1 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 the Canadian Institute of Chartered Accountants.

#### **b) Reporting entity**

The Pelican Lake First Nation reporting entity includes the Pelican Lake First Nation government and all related entities that are controlled by the Pelican Lake First Nation (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 Pelican Lake Business Ventures Inc. (operating as Pelican Lake Store) and Pelican Lake Mall. Organizations accounted for on a modified equity basis include the following:

- Chitek Lake Indian Development Company;
- Chitek Lake Houseboats Rentals Ltd.;
- Junor Farms Ltd.;
- Pelican Lake Outfitters Ltd.;
- Pelican Lake Wild Rice Ltd.;
- Spruce Creek Bison Ranch Ltd.; and
- Horizon Interiors Limited Partnership.

The year-end of the Pelican Lake Store is October 31 and these consolidated financial statements include the results of operations for the 12 months ended October 31, 2013. There were no significant unusual transactions or changes to operations subsequent to that date requiring adjustment in these consolidated financial statements.

# **Pelican Lake First Nation**

## **Notes to Consolidated Financial Statements**

**March 31, 2014**

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d) Cash

Cash includes cash on hand and balances with banks. 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) Inventories for resale

Inventories for resale consists of supplies and goods available for resale at Pelican Lake Store and the Pelican Lake Mall and are recorded at the lower of cost and net realizable value.

f) 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 straight-line basis over the estimated useful lives of the assets as follows:

Infrastructure	40 years
Buildings and improvements	10 years
Equipment	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

g) Revenue recognition

Revenue 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.

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### h) 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 useful lives of tangible capital assets and the recoverability of accounts receivable. Actual amounts could differ from these estimates

## 2 Cash, temporary investments and bank overdrafts

Under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC") the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by CMHC. Cash and bank overdrafts are comprised of the following:

	2014 \$	2013 \$
Restricted cash		
Capital projects	252,782	1,088,632
CMHC replacement reserve and subsidy funds	457,833	379,421
	<u>710,615</u>	<u>1,468,053</u>
Unrestricted cash (bank overdrafts)		
Operating	(537,690)	(416,378)
CMHC construction	(293,312)	(291,576)
Income assistance	(127,631)	(67,534)
Pelican Lake Mall and Store	(86,896)	5,525
	<u>(1,045,529)</u>	<u>(769,963)</u>
Total cash and bank overdrafts, net	<u>(334,914)</u>	<u>698,090</u>

The security features of the First Nation's various bank overdrafts are irrevocable Band Council Resolutions (BCRs). The bank overdrafts bear interest at rates ranging from 4.75% to 6.25%. The First Nation's total available bank overdrafts are \$800,000 (2013 - \$800,000).

The temporary investments were restricted as they related to capital projects. The temporary investments consisted of a GIC earning interest at a rate of prime less 1.75% and were redeemed in full during the year ended March 31, 2014.

**Pelican Lake First Nation**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014**

**3 Accounts receivable**

	2014 \$	2013 \$
Pelican Lake Store and Mall	278,624	198,991
A.C. Forestry Ltd.	223,846	61,500
Advances to membership, staff and council	196,798	117,549
Agency Chiefs Tribal Council	146,714	94,582
Other advances and receivables	316,749	341,995
	<u>1,162,731</u>	<u>814,617</u>

**4 Trust funds held by federal government**

	March 31, 2013 \$	Additions \$	Withdrawals \$	March 31, 2014 \$
Revenue	13,018	4,878	(17,747)	149
Capital	925	-	-	925
	<u>13,943</u>	<u>4,878</u>	<u>(17,747)</u>	<u>1,074</u>

	March 31, 2012 \$	Additions \$	Withdrawals \$	March 31, 2013 \$
Revenue	7,292	5,726	-	13,018
Capital	925	-	-	925
	<u>8,217</u>	<u>5,726</u>	<u>-</u>	<u>13,943</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 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 Section 63 to 69 of the Indian Act.

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 5 Due from government

	2014 \$	2013 \$
Aboriginal Affairs and Northern Development Canada	239,798	158,200
Canada Mortgage and Housing Corporation	16,575	103,840
Health Canada	-	46,461
	<u>256,373</u>	<u>308,501</u>

### 6 Investments in government business enterprises

The First Nation owns 49.95% of Horizons Interiors Limited Partnership and has various ownership interest in other government business enterprises, the names of which are listed in note 1. Horizon Interiors Limited Partnership operates a retail flooring store, which provides flooring sales, installation and construction services. The First Nation's investments in government business enterprises are comprised of the following:

	2014 \$	2013 \$
Horizon Interior Limited Partnership (HILP)	-	48,874
Other government business enterprises (Other)	-	-
	<u>-</u>	<u>48,874</u>

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

	2014			2013		
	HILP \$	Other \$	Total \$	HILP \$	Other \$	Total \$
Cash	-	18,846	18,846	-	12,567	12,567
Accounts receivable	39,862	39,922	79,784	134,995	40,624	175,619
Inventory	213,062	-	213,062	210,464	-	210,464
Tangible capital assets	79,514	296,890	376,404	79,514	273,773	353,287
Other assets	5,219	-	5,219	5,019	-	5,019
<b>Total assets</b>	<b>337,657</b>	<b>355,658</b>	<b>693,315</b>	<b>429,992</b>	<b>326,964</b>	<b>756,956</b>
Bank overdraft	1,379	-	1,379	72,947	-	72,947
Accounts payable and accrued liabilities	62,755	87,041	149,796	311,849	73,023	384,872
Due to Pelican Lake First Nation	-	1,354,212	1,354,212	-	1,250,425	1,250,425
Shareholder loans	-	587,000	587,000	-	587,000	587,000
Long-term debt	401,000	192,759	593,759	54,506	159,134	213,640
Other liabilities	85,417	-	85,417	94,263	10,461	104,724

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

	2014			2013		
	HILP \$	Other \$	Total \$	HILP \$	Other \$	Total \$
Total liabilities	550,551	2,221,012	2,771,563	533,565	2,080,043	2,613,608
Deficit	(212,894)	(1,865,354)	(2,078,248)	(103,573)	(1,753,079)	(1,856,652)
Total liabilities and deficit	337,657	355,658	693,315	429,992	326,964	756,956
Revenue	467,772	300,741	768,513	1,722,419	455,510	2,177,929
Expenses	577,093	413,016	990,109	1,955,483	498,866	2,454,349
Net income (loss)	(109,321)	(112,275)	(221,596)	(233,064)	(43,356)	(276,420)

The First Nation has a guarantee in place with respect to 50% the debts of Horizon Interiors Limited Partnership, with a total guarantee of \$300,000. At March 31, 2014 there is total available debt of \$600,000 consisting of a) letter of credit of \$100,000 maximum (bearing interest at 9.75% and due on demand); b) mortgage of \$425,000 maximum (bearing interest at 6.75% and due in monthly payments of \$5,000); and c) loan with maximum limit of \$75,000 (bearing interest at 9.75% and due on demand). The maximum available debt of \$600,000 is secured by a general security agreement, a specific security agreement over inventory and accounts receivable and a first and second interest in certain real property. At March 31, 2014 there were no amounts drawn on the letter of credit, \$361,000 was drawn on the mortgage and \$40,000 was drawn on the loan for a total of \$401,000.

### 7 Deferred revenue

	Balance at March 31, 2013 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2014 \$
Federal government				
Capital projects	1,653,557	182,000	(1,401,473)	434,084
Other	-	1,613,668	(1,574,516)	39,152
	1,653,557	1,795,668	(2,975,989)	473,236

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

	Balance at March 31, 2012 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2013 \$
Federal government				
Capital projects	262,816	3,610,700	(2,219,959)	1,653,557
Other	-	-	-	-
	<u>262,816</u>	<u>3,610,700</u>	<u>(2,219,959)</u>	<u>1,653,557</u>

Federal government transfers related to capital projects are recognized in the year to the extent that the related capital project costs are incurred. Other federal government transfers deferred represent unexpended set and fixed funding received from Aboriginal Affairs and Northern Development Canada.

### 8 Long-term debt

	2014 \$	2013 \$
Innovation Credit Union loan, repayable with quarterly principal and interest payments of \$50,500, with interest charged at 5.50% (matures 2015)	52,060	244,459
Innovation Credit Union loan, repayable with monthly principal and interest payments of \$1,025, with interest charged at 6.25% (matures 2016)	21,752	32,328
Innovation Credit Union loan, repayable with monthly principal and interest payments of \$4,907, with interest charged at prime plus 2.75% (matures 2016), secured by a promissory note, a general security agreement and a guarantee supported by gaming revenues from First Nations Trust	35,334	90,407
Innovation Credit Union loan, repayable with quarterly principal and interest payments of \$30,577, with interest charged at 6.0% (matures 2016)	153,155	269,424
Innovation Credit Union loan, repayable with monthly principal and interest payments of \$3,825, with interest charged at prime plus 2.75% (matures 2018), secured by a general security agreement and direction of all gaming funds on an irrevocable basis from First Nations Trust	145,164	181,534
Innovative Credit Union loan, repayable with monthly principal and interest payments of \$314 with interest charged at prime plus 2.75% (matures 2019)	15,715	-
Bank of Montreal loan repayable with monthly principal and interest payments of \$2,328, with interest charged at 4.90% (matures 2024)	272,427	-
Bank of Montreal RCMP housing mortgage repayable with monthly principal and interest payments of \$1,242, with interest charged at 6.29% (renews 2027)	136,388	142,658

**Pelican Lake First Nation**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014**

CMHC Phase I mortgage, repayable with monthly principal and interest payments of \$1,621 over 15 years at 1.62% (renews 2018, matures 2028)	243,979	259,386
CMHC Phase II mortgage, repayable with monthly principal and interest payments of \$1,296 over 15 years at 1.92% (renews 2020, matures 2029)	201,000	212,714
CMHC Phase III mortgage, repayable with monthly principal and interest payments of \$2,837 over 15 years at 2.56% (renews 2016, matures 2026)	343,957	368,962
CMHC Phase IV mortgage repayable with monthly principal and interest payments of \$6,754 over 15 years at 1.67% (renews 2019, matures 2029)	1,023,637	1,086,738
CMHC Phase V mortgage, repayable with monthly principal and interest payments of \$9,190 over 20 years at 1.67% (renews 2018, matures 2032)	1,701,391	1,637,504
	<u>4,345,959</u>	<u>4,526,114</u>

The security features of all long-term debt are BCRs. Principal amounts due over the next five years, assuming that mortgages are renewed at terms and rates similar to those existing at March 31, 2014, are estimated to be as follows:

	\$
2015	468,000
2016	395,000
2017	327,000
2018	261,000
2019	243,000

Interest expense on long-term debt for the year ended March 31, 2014 was \$239,398 (2013 – \$159,842).

**9 Employee future benefits**

The First Nation provides defined contribution plans for eligible members of its staff. Members of the plans are required to contribute 3% to 5% of their salary, and the First Nation matches the employees' contributions. The First Nation contributed \$176,603 (2013 – \$173,202) during the year ended March 31, 2014, which is recognized as an expense in the consolidated statement of operations. The First Nation does not have any other obligations with regard to the defined contribution plans as at March 31, 2014.



**Pelican Lake First Nation**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014**

**10 Contingent liabilities**

The First Nation, through various BCR's, has guaranteed debt as follows:

	2014 \$	2013 \$
Horizon Interiors Limited Partnership (note 6)	200,500	27,253
Chitek Lake Indian Development Company	115,377	71,538
Pelican Lake Outfitters	77,382	87,596
	<u>393,259</u>	<u>186,387</u>

The First Nation has entered into contribution agreements with various federal 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.

In addition, in the normal course of operations, the First Nation 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.

The First Nation is liable for any environmental obligations related to the future decommissioning of the gasoline facilities at the Pelican Lake Store. No provision has been made for environmental remediation liabilities associated with the Pelican Lake Store. Although it is probable that a liability has been incurred as of March 31, 2014, the amount of the obligation cannot be reliably estimated.

**11 Government transfers**

	2014		
	Operating \$	Capital \$	Total \$
Federal government transfers			
Aboriginal Affairs and Northern Development Canada (note 12)	7,613,932	1,401,473	9,015,405
Health Canada	455,775	-	455,775
Canada Mortgage and Housing Corporation	283,246	-	283,246
	<u>8,352,953</u>	<u>1,401,473</u>	<u>9,754,426</u>

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

	2013		
	Operating \$	Capital \$	Total \$
Federal government transfers			
Aboriginal Affairs and Northern Development Canada (note 12)	7,159,883	2,219,959	9,379,842
Health Canada	381,932	-	381,932
Canada Mortgage and Housing Corporation	309,618	-	309,618
	<u>7,851,433</u>	<u>2,219,959</u>	<u>10,071,392</u>

### 12. Aboriginal Affairs and Northern Development Canada (AANDC)

AANDC revenue is comprised as follows:

	2014 \$	2013 \$
Recipient total per AANDC transfer payment management system, less debt recoveries	7,825,592	10,612,383
Prior year AANDC deferred revenue	1,653,557	262,816
Current year AANDC deferred revenue	(473,236)	(1,653,557)
CPP/QPP and private pension plans funding receivable	9,056	-
ECIP funding receivable	436	-
Social Assistance funding receivable	-	20,835
National Child Benefit Reinvestment funding receivable	-	43,965
Preparedness funding receivable	-	43,400
Capital funding receivable	-	50,000
AANDC revenue recognized per the consolidated financial statements	<u>9,015,405</u>	<u>9,379,842</u>

AANDC revenue recognized in the consolidated financial statements is comprised as follows:

	2014 \$	2013 \$
AANDC revenue	7,835,084	10,770,583
Net recognition (deferral) of revenue	<u>1,180,321</u>	<u>(1,390,741)</u>
AANDC revenue recognized in the consolidated financial statements	<u>9,015,405</u>	<u>9,379,842</u>

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 13 Expenses by object

	Budget	2014	2013
	\$	\$	\$
Pelican Lake Mall and Store	-	3,635,507	3,269,605
Wages, salaries and benefits	3,263,426	3,565,343	3,637,413
Social assistance	1,401,140	1,588,415	1,576,695
Amortization of tangible capital assets	-	859,954	809,432
Contracts	572,378	644,526	679,416
Repairs and maintenance	418,900	600,649	561,511
Honorarium and per diem	500,000	439,400	488,080
Student support	437,480	431,024	462,602
Training	246,675	405,590	296,776
Travel and meetings	467,900	389,051	478,478
Supplies and materials	308,893	317,519	471,164
Insurance	293,040	278,668	144,340
Miscellaneous and debt write-offs	46,125	247,679	171,206
Utilities	248,000	242,114	216,268
Professional fees	168,000	227,741	175,779
Bank charges and interest	174,000	182,123	173,477
Member support	92,000	119,241	148,770
Special projects	10,000	93,040	46,010
Rent and equipment leases	98,000	80,778	79,153
Instructional equipment	11,000	49,745	68,263
Property taxes	20,000	18,753	24,423
Administration fees and recoveries	-	(7,080)	(22,138)
	8,776,957	14,409,780	13,956,723

### 14 Accumulated surplus

	2014	2013
	\$	\$
Internally restricted		
Invested in tangible capital assets	11,857,782	11,163,264
Externally restricted		
CMHC replacement reserve and subsidy funds	330,308	404,637
Unrestricted surplus (deficit)	44,764	(562,374)
Accumulated surplus	12,232,854	11,005,527

**Pelican Lake First Nation**  
**Notes to Consolidated Financial Statements**  
**March 31, 2014**

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**15 Annual surplus net of capital related revenues, amortization and government business enterprises**

	2014 \$	2013 \$
Surplus for the year	1,227,597	1,218,883
Less: capital related revenues included in surplus for the year Federal government transfers for capital (note 11)	(1,401,473)	(2,219,959)
Add: amortization of tangible capital assets	859,954	809,432
Add: loss from investments in government business enterprises	48,874	201,350
	908,828	1,010,782
Surplus for the year net of capital related revenues, amortization and government business enterprises	734,952	9,706

**16 Net change in financial assets and liabilities**

	2014 \$	2013 \$
Decrease (increase) in accounts receivable	(348,114)	35,983
Decrease (increase) in trust funds held by federal government	12,869	(5,726)
Decrease (increase) in due from government	52,128	(60,059)
Increase in inventories for resale	(52,320)	(7,626)
Decrease in accounts payable and accrued liabilities	(195,459)	(114,546)
Increase (decrease) in deferred revenue	(1,180,321)	1,390,741
	(1,711,217)	1,238,767

**17 Budgeted figures**

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

## **Pelican Lake First Nation**

### **Notes to Consolidated Financial Statements**

**March 31, 2014**

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#### **18 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 the services provided by each are as follows:

- Education – provides a variety of services for students.
- Social services – provides daycare, social assistance and homecare.
- Community infrastructure – responsible for roads, electrical services, sewer, water, fire protection and maintenance of community buildings.
- Housing and capital projects – responsible for construction and maintenance of housing as well as larger maintenance projects that are non-recurring in nature and require capital funding.
- Band government – handles the finances and administration of the First Nation, including support to Chief and Council and all other departments. The department provides internal support and central services to ensure the efficient and effective operations of the First Nation.
- Health – responsible for the delivery of health programs and services with an emphasis on health education, prevention programs, addictions, mental health, community health and early childhood programs.
- Other programs – includes police management board, flour program, community economic development, capacity development management, First Nations Trust and youth work experience.

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. Segment results are outlined on the pages that follow.

# **Pelican Lake First Nation**

## **Notes to Consolidated Financial Statements**

**For the year ended March 31, 2014**

	Budget \$	Education 2014 \$	2013 \$	Budget \$	Social services 2014 \$	2013 \$	Community infrastructure 2014 \$	2013 \$
<b>Revenues</b>								
Federal government transfers	3,388,999	3,650,962	3,807,538	1,509,420	1,682,796	1,658,525	743,873	1,044,183
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-
Agency Chiefs Tribal Council	-	8,000	-	230,000	258,932	274,500	88,500	77,386
First Nations Trust	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	95,000	150,935
Other	-	-	2,500	-	39,343	25,265	28,047	75,862
Amounts earned and held in trust by federal government	-	-	-	-	-	-	-	-
Loss from investment in government/business enterprises	-	-	-	-	-	-	-	-
	<b>3,388,999</b>	<b>3,658,962</b>	<b>3,810,038</b>	<b>1,739,420</b>	<b>1,981,071</b>	<b>1,958,290</b>	<b>953,420</b>	<b>1,348,166</b>
								<b>1,158,710</b>
<b>Expenses</b>								
Wages, salaries and benefits	1,947,500	2,196,359	2,147,118	207,200	227,889	259,444	402,074	420,185
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-
Social assistance	-	-	-	1,401,140	1,588,415	1,576,695	-	-
Amortization of tangible capital assets	-	18,900	18,900	-	3,840	3,840	-	-
Honorarium and per diem	-	-	-	-	-	-	280,170	260,170
Contracts	398,138	368,495	323,698	16,000	47,780	16,277	22,240	87,800
Travel and meetings	18,000	20,602	33,983	3,900	6,797	12,891	6,000	4,744
Training	-	-	-	-	-	-	239,475	395,026
Student support	437,480	431,024	462,602	-	-	-	-	-
Supplies and materials	82,000	137,482	158,249	27,863	28,141	31,584	175,030	118,497
Repairs and maintenance	50,000	44,681	16,633	-	-	-	112,000	141,577
Utilities	110,000	100,978	87,469	10,500	10,793	9,960	89,800	100,035
Bank charges and interest	-	-	-	10,000	16,465	12,058	-	-
Insurance	12,000	7,320	11,116	11,540	4,519	3,729	57,000	58,220
Miscellaneous and debt write-offs	23,925	14,750	7,752	6,000	8,828	8,745	-	5,594
Professional fees	-	-	-	-	-	-	-	-
Other	31,000	70,324	118,936	149,800	126,364	155,485	18,000	19,085
	<b>3,110,043</b>	<b>3,410,895</b>	<b>3,384,456</b>	<b>1,843,743</b>	<b>2,069,831</b>	<b>2,090,705</b>	<b>1,121,819</b>	<b>1,608,913</b>
								<b>1,549,597</b>
<b>Surplus (deficit) for the year</b>	<b>256,956</b>	<b>248,067</b>	<b>225,580</b>	<b>(104,323)</b>	<b>(88,760)</b>	<b>(132,415)</b>	<b>(168,199)</b>	<b>(390,887)</b>

# **Pelican Lake First Nation**

## **Notes to Consolidated Financial Statements**

**For the year ended March 31, 2014**

	Housing and capital projects			Band government			Health		
	Budget	2014	2013	Budget	2014	2013	Budget	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>									
Federal government transfers	645,041	2,064,708	2,701,842	746,297	804,963	769,277	367,073	455,775	381,932
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Agency Chiefs Tribal Council	-	-	-	-	-	120,915	7,000	19,756	10,600
First Nations Trust	-	-	-	-	-	-	-	-	-
Rent	174,948	249,613	247,959	130,000	90,966	106,042	-	-	-
Other	-	97,885	55,120	-	152,745	101,757	-	6,529	10,173
Amounts earned and held in trust by federal government	-	-	-	-	-	-	-	-	-
Loss from investment in government business enterprises	-	-	-	-	(48,874)	(201,350)	-	-	-
	<b>819,989</b>	<b>2,412,006</b>	<b>3,004,921</b>	<b>876,297</b>	<b>999,800</b>	<b>896,641</b>	<b>374,073</b>	<b>482,060</b>	<b>402,705</b>
<b>Expenses</b>									
Wages, salaries and benefits	175,000	120,036	112,089	250,000	353,321	411,252	281,652	247,553	251,983
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Social assistance	-	-	-	-	-	-	-	-	-
Amortization of tangible capital assets	-	251,604	251,604	-	210,143	210,143	-	7,100	7,100
Honorarium and per diem	-	-	4,000	500,000	439,400	484,080	-	-	-
Contracts	15,000	15,202	35,226	115,000	116,796	114,604	6,000	8,453	7,722
Travel and meetings	18,000	13,347	10,636	386,000	295,360	350,217	38,000	45,205	58,461
Training	-	-	-	-	-	-	7,200	10,564	19,965
Student support	-	-	-	-	-	-	-	-	-
Supplies and materials	1,500	6,534	53,753	20,000	17,225	10,819	2,500	3,245	7,378
Repairs and maintenance	200,000	347,057	420,669	-	7,866	6,095	56,900	59,468	37,744
Utilities	13,000	6,644	7,111	15,000	13,546	12,042	9,700	10,118	8,421
Bank charges and interest	102,000	102,117	117,414	82,000	63,541	44,008	-	-	-
Insurance	200,000	198,912	89,700	6,000	6,016	2,717	6,500	5,681	8,098
Miscellaneous and debt write-offs	-	400	1,377	16,200	218,107	142,663	-	-	30
Professional fees	8,000	10,300	11,200	160,000	217,441	163,179	-	-	-
Other	-	-	85	22,400	34,350	16,535	-	22,665	31,567
	<b>732,500</b>	<b>1,072,153</b>	<b>1,114,844</b>	<b>1,552,600</b>	<b>1,993,112</b>	<b>1,968,354</b>	<b>406,452</b>	<b>420,052</b>	<b>438,489</b>
<b>Surplus (deficit) for the year</b>	<b>87,489</b>	<b>1,339,853</b>	<b>1,890,077</b>	<b>(676,303)</b>	<b>(993,312)</b>	<b>(1,071,713)</b>	<b>(32,379)</b>	<b>62,008</b>	<b>(35,784)</b>

# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

	Other programs			Total		
	Budget \$	2014 \$	2013 \$	Budget \$	2014 \$	2013 \$
<b>Revenues</b>						
Federal government transfers	10,000	51,039	59,597	7,388,703	9,754,426	10,071,392
Pelican Lake Mall and Store	-	3,542,195	3,338,297	-	3,542,195	3,338,297
Agency Chiefs Tribal Council	400,000	573,017	101,425	723,500	937,091	576,739
First Nations Trust	595,000	572,403	582,494	595,000	572,403	582,494
Rent	-	-	-	399,948	491,514	505,051
Other	-	11,780	76,784	28,047	383,744	317,257
Amounts earned and held in trust by federal government	-	4,878	5,726	-	4,878	5,728
Loss from investment in government business enterprises	-	-	-	-	(48,874)	(201,350)
	1,005,000	4,755,312	4,144,303	9,135,198	15,637,377	15,175,606
<b>Expenses</b>						
Wages, salaries and benefits	-	-	12,986	3,263,426	3,565,343	3,637,413
Pelican Lake Mall and Store	-	3,635,507	3,289,605	-	3,635,507	3,289,605
Social assistance	-	-	-	1,401,140	1,588,415	1,576,695
Amortization of tangible capital assets	-	108,197	57,675	-	859,954	809,432
Honorarium and per diem	-	-	-	500,000	439,400	488,080
Contracts	-	-	17,240	572,378	644,526	679,416
Travel and meetings	-	2,996	1,649	467,900	389,051	478,478
Training	-	-	12,600	246,675	405,590	296,776
Student support	-	-	-	437,480	431,024	462,602
Supplies and materials	-	6,415	7,972	308,893	317,519	471,164
Repairs and maintenance	-	-	5,299	418,900	600,649	561,511
Utilities	-	-	-	248,000	242,114	216,268
Bank charges and interest	-	-	-	174,000	182,123	173,477
Insurance	-	-	-	293,040	278,668	144,340
Miscellaneous and debt write-offs	-	-	-	46,125	247,679	171,206
Professional fees	-	-	1,400	168,000	227,741	175,779
Other	10,000	81,709	23,872	231,000	354,477	344,481
	10,000	3,834,824	3,410,298	8,776,957	14,409,780	13,956,723
<b>Surplus (deficit) for the year</b>	<b>995,000</b>	<b>920,488</b>	<b>734,005</b>	<b>358,241</b>	<b>1,227,597</b>	<b>1,218,883</b>



# Pelican Lake First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 19 Tangible capital assets

	Cost				Accumulated amortization			Net book value at March 31, 2014
	Opening balance	Additions	Disposals	Transfers	Closing balance	Opening balance	Amortization	Closing balance
	\$	\$	\$	\$	\$	\$	\$	\$
Land	17,809	-	-	-	17,809	-	-	-
Infrastructure	25,399,211	-	-	-	25,399,211	12,663,080	807,632	13,470,712
Buildings and improvements	2,422,985	8,000	-	-	2,430,985	2,389,431	9,251	2,398,682
Equipment	1,944,176	386,247	-	-	2,330,423	1,944,176	43,071	1,987,247
Construction-in-progress	2,297,595	1,343,810	-	-	3,641,405	-	-	-
	32,081,776	1,738,057	-	-	33,819,833	16,996,687	859,954	17,856,841
								15,963,192

	Cost				Accumulated amortization			Net book value at March 31, 2013
	Opening balance	Additions	Disposals	Transfers	Closing balance	Opening balance	Amortization	Closing balance
	\$	\$	\$	\$	\$	\$	\$	\$
Land	17,809	-	-	-	17,809	-	-	-
Infrastructure	25,322,297	78,914	-	-	25,399,211	12,098,652	564,428	12,663,080
Buildings and improvements	2,422,985	-	-	-	2,422,985	2,380,980	8,451	2,389,431
Equipment	1,923,871	56,798	(36,493)	-	1,944,176	1,707,623	236,553	1,944,176
Construction-in-progress	-	2,297,595	-	-	2,297,595	-	-	-
	29,686,962	2,431,307	(36,493)	-	32,081,776	16,187,255	809,432	16,996,687
								15,085,089