

Pelican Lake First Nation

Consolidated Financial Statements
March 31, 2017



August 18, 2017

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, 2017 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, 2017 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 Professional Accountants

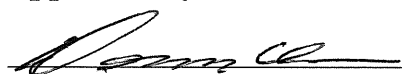
Pelican Lake First Nation

Consolidated Statement of Financial Position

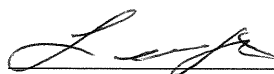
For the year ended March 31, 2017

	2017 \$	2016 \$
Financial assets (note 8)		
Cash (note 2)	685,933	828,996
Accounts receivable (note 3)	560,646	591,890
Trust funds held by federal government (note 4)	230,302	30,908
Due from government (note 5)	267,717	66,726
Inventories for resale	183,401	147,158
Investments in government business enterprises (note 6)	104,121	-
	<u>2,032,120</u>	<u>1,665,678</u>
Financial liabilities		
Bank overdrafts (note 2)	1,719,158	1,602,044
Accounts payable and accrued liabilities	923,157	556,063
Deferred revenue (note 7)	600,267	68,757
Long-term debt (note 8)	7,642,364	6,449,161
	<u>10,884,946</u>	<u>8,676,025</u>
Net debt	<u>(8,852,826)</u>	<u>(7,010,347)</u>
Non-financial assets		
Tangible capital assets (note 19)	18,925,613	17,507,258
Accumulated surplus (note 14)	<u>10,072,787</u>	<u>10,496,911</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, 2017

	Budget \$ (note 17)	2017 \$	2016 \$
Revenue			
Federal government transfers for operating (note 11)	7,784,202	8,287,131	8,005,246
Pelican Lake Mall and Store	3,700,000	3,778,067	3,403,339
Federal government transfers for capital (note 11)	286,235	777,233	286,235
First Nations Trust	553,819	523,762	557,497
A.C. Forestry Ltd.	500,000	476,338	517,286
Rent	275,000	431,825	394,731
Agency Chiefs Tribal Council	453,045	393,096	422,565
Other income including insurance proceeds	248,732	271,988	183,977
Northern Lights Community Development Corp.	125,000	132,590	97,743
Amounts held in trust by federal government	-	104,726	4,822
Prince Albert Grand Council	-	76,455	-
	13,926,033	15,253,211	13,873,441
Expenses (note 13)			
Pelican Lake Mall and Store	3,700,000	3,972,967	3,433,581
Education	3,627,891	3,621,952	3,709,739
Social services	1,875,736	2,016,227	2,056,852
Band government	1,609,266	1,741,901	1,728,321
Community infrastructure	1,224,458	1,433,838	1,339,284
Housing and capital projects	579,314	765,988	742,468
Economic development and other programs	174,755	616,080	375,858
Health	606,144	549,792	543,548
	13,397,564	14,718,745	13,929,651
Surplus (deficit) for the year before amortization (note 15)	528,469	534,466	(56,210)
Amortization	900,000	958,590	886,820
Deficit for the year	(371,531)	(424,124)	(943,030)
Accumulated surplus – Beginning of year	10,496,911	10,496,911	11,439,941
Accumulated surplus – End of year (note 14)	10,125,380	10,072,787	10,496,911
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, 2017

	Budget \$ (note 17)	2017 \$	2016 \$
Deficit for the year	(371,531)	(424,124)	(943,030)
Acquisition of tangible capital assets	(2,300,000)	(2,376,945)	(2,293,040)
Amortization of tangible capital assets	900,000	958,590	886,820
Change in net debt	(1,771,531)	(1,842,479)	(2,349,250)
Net debt – Beginning of year	(7,010,347)	(7,010,347)	(4,661,097)
Net debt – End of year	(8,781,878)	(8,852,826)	(7,010,347)

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, 2017

	2017 \$	2016 \$
Operating activities		
Deficit for the year	(424,124)	(943,030)
Items not affecting cash		
Amortization of tangible capital assets	958,590	886,820
Net change in financial assets and liabilities (note 16)	493,220	452,771
	<u>1,027,686</u>	<u>396,561</u>
Capital activities		
Acquisition of tangible capital assets	<u>(2,376,945)</u>	<u>(2,293,040)</u>
Financing activities		
Debt issues	1,676,720	2,358,087
Debt retirement	<u>(483,517)</u>	<u>(371,006)</u>
	<u>1,193,203</u>	<u>1,987,081</u>
Investing activities		
Investments in government business enterprises	<u>(104,121)</u>	<u>250,552</u>
Change in net cash	<u>(260,177)</u>	<u>341,154</u>
Net cash – Beginning of year	<u>(773,048)</u>	<u>(1,114,202)</u>
Net cash – End of year	<u>(1,033,225)</u>	<u>(773,048)</u>
Net cash is comprised of		
Cash (note 2)	685,933	828,996
Bank overdrafts (note 2)	<u>(1,719,158)</u>	<u>(1,602,044)</u>
	<u>(1,033,225)</u>	<u>(773,048)</u>
Supplementary cash flow information		
Interest paid in year	<u>210,202</u>	<u>182,651</u>

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

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Notes to Consolidated Financial Statements

March 31, 2017

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:

- A.C. Forestry Ltd.;
- A.C. Realty Ltd.;
- Chitek Lake Indian Development Company;
- Horizon Interiors Limited Partnership;
- Junor Farms Ltd.;
- PL Electrical and Mechanical Ltd.;
- Pelican Lake Energy Corp.;
- Pelican Lake Outfitters Ltd.;
- Pelican Lake Wild Rice Ltd.; and
- Spruce Creek Bison Ranch Ltd.

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, 2016. There were no significant unusual transactions or changes to operations subsequent to that date requiring adjustment in these consolidated financial statements. Refer to note 8 for details of debt of the Pelican Lake Store.

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2017

The balance owing to the First Nation from the Pelican Lake Store is caused by the difference between the year-end dates at the First Nation (March 31) and the Pelican Lake Store (October 31). Related party transactions and advances of funds from the First Nation to the Pelican Lake Store during the 5-month period from October 31, 2016 to March 31, 2017 have not been eliminated. The balance of these transactions for the 5-month period is \$460,450 and is included in accounts payable and accrued liabilities as at March 31, 2017.

d) Cash and bank overdrafts

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

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Notes to Consolidated Financial Statements

March 31, 2017

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 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 placed on their use by the contributor, and are recognized as revenue when used for specific purpose.

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 and bank overdrafts

	2017 \$	2016 \$
Unrestricted cash		
Operating	110,718	-
Income assistance	26,254	-
Pelican Lake Mall and Store	15,160	333,510
	<u>152,132</u>	<u>333,510</u>
Restricted cash		
CMHC replacement reserve and operating reserve funds	343,983	439,783
Capital projects	189,818	55,703
	<u>533,801</u>	<u>495,486</u>
Total cash	<u>685,933</u>	<u>828,996</u>
Bank overdrafts		
Operating	(1,267,987)	(925,426)
CMHC and housing	(451,171)	(561,347)
Income assistance	-	(115,271)
	<u>(1,719,158)</u>	<u>(1,602,044)</u>
Total bank overdrafts	<u>(1,719,158)</u>	<u>(1,602,044)</u>
Total cash and bank overdrafts, net	<u>(1,033,225)</u>	<u>(773,048)</u>

The security features of the First Nation's various bank overdrafts are irrevocable Band Council Resolutions (BCRs). The bank overdrafts bear interest at an average rate of prime plus 1.25%. The First Nation's total available bank overdrafts are \$2,100,000.

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3 Accounts receivable

	2017 \$	2016 \$
A.C. Forestry Ltd.	243,975	-
Advances to membership, staff and council	140,158	169,877
Agency Chiefs Tribal Council	93,335	105,950
Northern Lights Community Development Corp.	34,316	23,811
Rent and land leases	32,019	110,183
Other advances and receivables	16,843	-
Pelican Lake Store and Mall	-	182,069
	<u>560,646</u>	<u>591,890</u>

4 Trust funds held by federal government

	March 31, 2016 \$	Additions \$	Withdrawals \$	March 31, 2017 \$
Revenue	29,983	182,960	-	212,943
Capital	925	16,434	-	17,359
	<u>30,908</u>	<u>199,394</u>	<u>-</u>	<u>230,302</u>

	March 31, 2015 \$	Additions \$	Withdrawals \$	March 31, 2016 \$
Revenue	4,762	25,221	-	29,983
Capital	925	-	-	925
	<u>5,687</u>	<u>25,221</u>	<u>-</u>	<u>30,908</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.

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Notes to Consolidated Financial Statements

March 31, 2017

5 Due from government

	2017 \$	2016 \$
Canada Mortgage and Housing Corporation	135,233	-
Indigenous and Northern Affairs Canada	118,894	66,726
Health Canada	13,590	-
	<hr/>	<hr/>
	267,717	66,726

6 Investments in government business enterprises

The First Nation has ownership interests in several government business enterprises, which are listed in paragraph c) of note 1. Pelican Lake Energy Corp. is in the business of energy and resource development. During a prior year, funds were advanced to Pelican Lake Energy Corp. by the First Nation to acquire mineral lease rights, which represent the value of the First Nation's investment. During the year ended March 31, 2016 financing was obtained by Pelican Lake Energy Corp. to fund the previous acquisition of the mineral rights. The mineral rights are included in "Tangible capital assets" in the condensed financial information on the next page.

The First Nation has 100% ownership of Pelican Lake Energy Corp. and PL Electrical and Mechanical Ltd. As of March 31, 2017, these government business enterprises have borrowed funds from the First Nations Bank of Canada of \$400,000 (2016 – \$500,000) and \$112,000 (2016 – \$140,000), respectively. The loans bear interest monthly at 4.55% with principal payments of \$32,000 required quarterly until April 1, 2021. The First Nation has provided full guarantees on these debts by way of a general security agreement, unlimited guarantees of advances and borrowings, access to on-reserve assets and redirection of First Nations Trust gaming distributions.

The First Nation has an ownership interest of 49.95% in the corporate entities which are the limited and general partners of Horizon Interiors Limited Partnership ("Horizon"). At March 31, 2017, Horizon has total available debt of \$600,000 consisting of a) letter of credit of \$100,000 maximum (bearing interest at 9.50% and due on demand); b) mortgage of \$425,000 maximum (bearing interest at 6.50% and due in monthly payments of \$5,000); c) equipment loan with maximum limit of \$56,504 (bearing interest at 9.5% and due in monthly instalments of \$1,600); and d) loan with maximum limit of \$75,000 (bearing interest at 9.50% and due on demand). The debt 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, 2017 there were no amounts drawn on the letter of credit, \$317,821 was drawn on the mortgage, \$56,504 was drawn on the equipment loan and \$69,808 was drawn on the loan for a total of \$444,133.

The First Nation has an ownership interest of 33.33% in A.C. Forestry Ltd. and A.C. Realty Ltd. As at March 31, 2017, A.C. Forestry Ltd., has total available debt of \$1,685,000, in the form of a demand loan. The First Nation has provided a guarantee and postponement of claim to the lender in support of the financing to A.C. Forestry Ltd. for the full amount of the financing. The demand loan bears interest at prime plus 3.55% and is repayable in bi-weekly principal and interest instalments of \$16,536.

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Notes to Consolidated Financial Statements

March 31, 2017

The following table presents condensed financial information for the government business enterprises:

	2017 \$	2016 \$
Cash	136,223	183,271
Accounts receivable	123,438	163,780
Inventory	173,529	188,421
Tangible capital assets	649,135	663,148
Total assets	1,082,325	1,198,620
Accounts payable	145,200	111,647
Due to First Nation	1,783,727	1,789,199
Shareholder loans	587,000	587,000
Long-term debt	544,000	640,000
Total liabilities	3,059,927	3,127,846
Deficit	(1,977,602)	(1,929,226)
Total liabilities and deficit	1,082,325	1,198,620
Revenue	856,474	676,819
Expenses	904,850	690,313
Net loss	(48,376)	(13,494)

During the year ended March 31, 2017, the First Nation made payments for goods and services of \$640,881 to Horizon Interiors Limited Partnership and \$328,336 to PL Electrical and Mechanical Ltd.

7 Deferred revenue

	Balance at March 31, 2016 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2017 \$
Federal government				
Capital projects	49,556	973,735	(657,233)	366,058
Other	19,201	1,854,463	(1,639,455)	234,209
	68,757	2,828,198	(2,296,688)	600,267

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Notes to Consolidated Financial Statements

March 31, 2017

	Balance at March 31, 2015 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2016 \$
Federal government				
Capital projects	49,556	-	-	49,556
Other	46,297	100,136	(127,232)	19,201
	<u>95,853</u>	<u>100,136</u>	<u>(127,232)</u>	<u>68,757</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 Indigenous and Northern Affairs Canada.

8 Long-term debt

	2017 \$	2016 \$
First Nations Bank of Canada store loan repayable with interest charged at 4.85% (renews 2022, matures 2037)	1,677,484	-
First Nations Bank of Canada economic development loan repayable with quarterly principal payments of \$18,000, plus interest charged monthly at 4.55% (matures 2021)	306,000	360,000
Bank of Montreal consolidation loan repayable with monthly principal payments of \$11,467, plus interest charged at prime plus 2% (matures 2020)	286,667	435,734
Bank of Montreal demand loan repayable with interest charged at prime plus 1.50%	270,000	-
First Nations Bank of Canada 8-plex loan repayable with interest charged at 4.45% (renews 2022, matures 2032)	246,332	-
Bank of Montreal equipment loan repayable with monthly principal and interest payments of \$2,328, with interest charged at 4.90% (renews 2019, matures 2024)	186,273	216,543
Bank of Montreal equipment loan repayable with interest charged at 3.36% (matures 2022) in monthly blended instalments of \$3,565	181,471	-
Bank of Montreal demand loan repayable with interest at prime plus 1.50%	150,000	-
Bank of Montreal RCMP housing mortgage repayable with monthly principal and interest payments of \$1,242, with interest charged at 6.29% (renews 2023, matures 2028)	115,070	122,636
Bank of Montreal group home loan repayable with monthly principal and interest payments of \$3,023, with interest charged at prime plus 2% (matures 2021)	108,959	142,374
Bank of Montreal store loan repayable with monthly principal and interest payments of \$13,358, with interest charged at prime plus 2% (matures 2030)	-	1,467,679

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CMHC Phase I mortgage, repayable with monthly principal and interest payments of \$1,621 over 15 years at 1.62% (renews 2018, matures 2028)	196,238	212,416
CMHC Phase II mortgage, repayable with monthly principal and interest payments of \$1,296 over 15 years at 1.92% (renews 2020, matures 2029)	164,820	177,121
CMHC Phase III mortgage, repayable with monthly principal and interest payments of \$2,670 over 10 years at 1.30% (renews 2020, matures 2026)	262,808	291,284
CMHC Phase IV mortgage repayable with monthly principal and interest payments of \$6,754 over 15 years at 1.67% (renews 2019, matures 2029)	826,529	893,358
CMHC Phase V mortgage, repayable with monthly principal and interest payments of \$9,190 over 20 years at 1.67% (renews 2018, matures 2032)	1,459,949	1,545,363
CMHC Phase VI advance	1,203,764	584,653
	<u>7,642,364</u>	<u>6,449,161</u>

Note that the First Nations Bank of Canada store loan balance (\$1,677,485) reported as of October 31, 2016 as per note 1c). The balance outstanding as of March 31, 2017 is \$2,083,686.

The security features of all long-term debt are BCRs. Additionally, for the First Nations Bank of Canada loans, the First Nation has issued a general security agreement representing a third charge on all of the First Nation's assets and has also provided security in the form of a redirection at 100% of the First Nations Trust gaming distributions to the First Nations Bank of Canada to support loan repayment and access to on-reserve assets to pay out the loan in full.

Principal amounts due over the next five years, assuming that mortgages are renewed at terms and rates similar to those existing at March 31, 2017, are estimated to be as follows:

	\$
2017	578,000
2018	591,000
2019	604,000
2020	503,000
2021	471,000

Interest expense on long-term debt for the year ended March 31, 2017 was \$210,202 (2016 – \$182,651).

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 \$186,819 during the year ended March 31, 2017 (2016 – \$190,656), 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, 2017.

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10 Contingent liabilities

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, 2017, the amount of the obligation cannot be reliably estimated.

11 Government transfers

	2017		
	Operating \$	Capital \$	Total \$
Federal government transfers			
Indigenous and Northern Affairs Canada (note 12)	7,240,115	657,233	7,897,348
Health Canada	748,702	-	748,702
Canada Mortgage and Housing Corporation	298,314	120,000	418,314
	8,287,131	777,233	9,064,364

	2016		
	Operating \$	Capital \$	Total \$
Federal government transfers			
Indigenous and Northern Affairs Canada (note 12)	7,138,206	286,235	7,424,441
Health Canada	550,000	-	550,000
Canada Mortgage and Housing Corporation	317,040	-	317,040
	8,005,246	286,235	8,291,481

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12 Indigenous and Northern Affairs Canada (INAC)

	2017 \$	2016 \$
Recipient total per INAC transfer payment management system	8,557,852	7,338,719
Prior year INAC deferred revenue (note 7)	68,757	95,853
Social Assistance funding receivable	(38,303)	38,303
Band Employee Benefits funding receivable	(20,323)	20,323
Outstanding overpaid arrangements	(48,184)	-
Band Employee Benefits funding repayable	(21,702)	-
Assisted Living funding repayable	(482)	-
Current year INAC deferred revenue (note 7)	(600,267)	(68,757)
	<u>7,897,348</u>	<u>7,424,441</u>

INAC revenue recognized in the consolidated financial statements is as follows:

	2017 \$	2016 \$
INAC revenue	8,428,858	7,397,345
Net recognition (deferral) of deferred revenue	(531,510)	27,096
	<u>7,897,348</u>	<u>7,424,441</u>

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Notes to Consolidated Financial Statements

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13 Expenses by object

	Budget \$ (note 17)	2017 \$	2016 \$
Wages, salaries and benefits	4,125,098	4,228,166	4,133,637
Pelican Lake Mall and Store	3,700,000	3,972,967	3,433,581
Social assistance	1,387,008	1,496,245	1,424,910
Contracts	526,529	855,577	708,362
Honorarium, per diem and elders	606,161	631,751	617,961
Repairs and maintenance	431,060	562,208	652,544
Student support	451,000	400,039	447,007
Supplies and materials	451,518	394,923	462,298
Travel and meetings	316,500	362,372	347,059
Economic development	-	346,607	111,068
Utilities	268,600	260,829	253,210
Insurance	217,500	216,222	221,017
Bank charges and interest	182,000	210,202	212,630
Training and program costs	283,403	182,990	202,141
Professional fees	177,000	157,579	204,478
Member support	70,000	156,975	252,754
Miscellaneous and debt write-offs	43,000	150,094	76,580
Special projects	53,594	57,926	113,431
Rent and equipment leases	87,593	57,022	34,418
Property taxes	20,000	18,051	20,565
	13,397,564	14,718,745	13,929,651

14 Accumulated surplus

	2017 \$	2016 \$
Internally restricted		
Invested in tangible capital assets	11,509,858	11,804,275
Externally restricted		
CMHC replacement reserve and operating reserve	343,983	439,783
Unrestricted deficit	(1,781,054)	(1,747,147)
Accumulated surplus	10,072,787	10,496,911

Pelican Lake First Nation

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15 Annual deficit net of capital related revenues and amortization

	2017 \$	2016 \$
Surplus (deficit) for the year before amortization	534,466	(56,210)
Less: Capital related revenues included in surplus for the year Federal government transfers for capital (note 11)	(777,233)	(286,235)
Deficit for the year net of capital related revenues and amortization	(242,767)	(342,445)

16 Net change in financial assets and liabilities

	2017 \$	2016 \$
Accounts receivable	31,244	243,564
Trust funds held by federal government	(199,394)	(25,221)
Due from government	(200,991)	(31,708)
Inventories for resale	(36,243)	2,706
Accounts payable and accrued liabilities	367,094	290,526
Deferred revenue	531,510	(27,096)
	493,220	452,771

17 Budgeted figures

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.

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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 – includes education instruction, post-secondary, operation and maintenance of education buildings, special education and student transportation.
- Social services – provides daycare, social assistance, homecare, headstart and membership support.
- 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, including CMHC, 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 and central services to Chief and Council and all other departments.
- 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.
- Economic development and other programs – includes the Pelican Lake Mall and Store, 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.

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	Budget \$	Education 2017 \$	2016 \$	Budget \$	Social services 2017 \$	2016 \$	Community infrastructure Budget \$	2017 \$	2016 \$
Revenues									
Federal government transfers	3,676,288	3,969,059	3,700,025	1,539,411	1,479,959	1,553,560	820,798	1,208,643	949,168
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Agency Chiefs Tribal Council	-	-	-	261,045	285,099	284,146	77,000	81,962	62,129
First Nations Trust	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	12,000	12,000	55,000	71,206	52,544
Other	-	-	2,320	8,000	32,262	24,679	55,732	71,168	128,563
A.C. Forestry Ltd.	-	-	-	-	-	-	-	-	-
	3,676,288	3,969,059	3,702,345	1,808,456	1,809,320	1,874,385	1,008,530	1,432,979	1,192,404
Expenses									
Bank charges and interest	-	-	-	15,000	12,697	19,762	-	-	-
Contracts	285,000	298,746	314,667	28,500	26,828	34,749	38,240	220,788	166,302
Economic development	-	-	-	-	-	-	-	-	-
Honorarium, per diem and elders	-	-	-	-	-	-	-	-	-
Insurance	10,000	15,020	11,355	4,500	3,809	4,670	49,000	43,848	47,288
Member support	-	-	-	70,000	156,636	252,754	-	-	-
Other	15,000	32,347	22,040	76,456	25,657	22,995	25,000	16,257	23,209
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-
Repairs and maintenance	80,000	15,369	35,398	-	30	4,487	95,675	221,663	187,583
Social assistance	-	-	-	1,387,008	1,496,245	1,424,910	-	-	-
Student support	451,000	400,039	447,007	-	-	-	-	-	-
Supplies and materials	156,172	107,637	191,901	28,712	20,789	38,535	192,354	218,287	146,584
Training and program costs	-	-	-	-	-	-	129,000	56,933	126,470
Travel and meetings	43,000	25,236	45,708	7,000	12,545	5,440	13,500	13,676	8,986
Utilities	120,000	109,942	107,266	10,000	10,642	10,479	113,000	107,502	107,378
Wages, salaries and benefits	2,467,719	2,617,616	2,534,397	248,560	250,349	238,071	568,689	534,884	525,484
	3,627,891	3,621,952	3,709,739	1,875,736	2,016,227	2,056,852	1,224,458	1,433,838	1,339,284
Surplus (deficit) for the year before amortization	48,397	347,107	(7,394)	(67,280)	(206,907)	(182,467)	(215,928)	(859)	(146,880)

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	Housing and capital projects			Band government				Health	
	Budget	2017	2016	Budget	2017	2016	Budget	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Federal government transfers	559,314	781,456	615,354	783,930	820,080	827,279	637,102	748,702	549,999
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Agency Chiefs Tribal Council	-	-	-	90,000	5,035	11,000	25,000	21,000	20,558
First Nations Trust	-	-	-	-	-	-	-	-	-
Rent	170,000	209,855	219,927	-	96,000	82,656	-	-	-
Other	100,000	154,430	2,217	160,000	48,867	-	-	3,600	18,158
A.C. Forestry Ltd.	-	-	-	-	-	-	-	-	-
	829,314	1,145,741	837,498	1,033,930	969,982	920,935	662,102	773,302	588,715
Expenses									
Bank charges and interest	75,000	85,171	92,939	92,000	112,334	99,929	-	-	-
Contracts	17,000	151,560	34,501	155,069	147,709	143,864	2,720	9,746	14,279
Economic development	-	-	-	-	-	-	-	-	-
Honorarium, per diem and elders	-	-	-	500,000	518,418	509,534	-	-	-
Insurance	143,000	137,846	144,624	6,000	5,726	6,053	5,000	7,630	5,679
Member support	-	-	-	-	339	1,879	-	-	-
Other	-	9,541	50	19,137	118,616	97,968	-	9,734	26,588
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Professional fees	7,000	7,000	7,000	170,000	147,434	158,435	-	-	-
Repairs and maintenance	205,825	284,031	369,891	15,000	11,421	9,168	34,560	29,694	46,017
Social assistance	-	-	-	-	-	-	-	-	-
Student support	-	-	-	-	-	-	-	-	-
Supplies and materials	6,329	4,427	2,023	35,023	15,389	26,531	32,928	8,522	11,723
Training and program costs	-	-	-	-	-	-	154,403	126,057	58,941
Travel and meetings	15,000	12,471	12,533	217,000	268,126	224,854	21,000	28,820	46,395
Utilities	2,000	10,886	9,598	13,000	11,782	6,978	10,600	9,257	10,678
Wages, salaries and benefits	108,160	63,055	69,309	387,037	384,607	443,128	344,933	320,332	323,248
	579,314	765,988	742,468	1,609,266	1,741,901	1,728,321	606,144	549,792	543,548
Surplus (deficit) for the year before amortization	250,000	379,753	95,030	(575,336)	(771,919)	(807,386)	55,958	223,510	45,167

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	Economic development and other programs			Total		
	Budget \$	2017 \$	2016 \$	Budget \$	2017 \$	2016 \$
Revenues						
Federal government transfers	53,594	56,465	96,095	8,070,437	9,064,364	8,291,481
Pelican Lake Mall and Store	3,700,000	3,778,067	3,403,339	3,700,000	3,778,067	3,403,339
Agency Chiefs Tribal Council	-	-	44,732	453,045	393,096	422,565
First Nations Trust	553,819	523,762	557,497	553,819	523,762	557,497
Rent	50,000	42,764	110,260	275,000	431,825	394,731
Other	50,000	275,432	27,950	373,732	585,759	286,542
A.C. Forestry Ltd.	500,000	476,338	517,286	500,000	476,338	517,286
	4,907,413	5,152,828	4,757,159	13,926,033	15,253,211	13,873,441
Expenses						
Bank charges and interest	-	-	-	182,000	210,202	212,630
Contracts	-	200	-	526,529	855,577	708,362
Economic development	-	346,607	111,068	-	346,607	111,068
Honorarium, per diem and elders	106,161	113,333	108,427	606,161	631,751	617,961
Insurance	-	2,343	1,348	217,500	216,222	221,017
Member support	-	-	-	70,000	156,975	252,754
Other	68,594	70,941	88,670	204,187	283,093	244,994
Pelican Lake Mall and Store	3,700,000	3,972,967	3,433,581	3,700,000	3,972,967	3,433,581
Professional fees	-	3,145	39,043	177,000	157,579	204,478
Repairs and maintenance	-	-	-	431,060	562,208	652,544
Social assistance	-	-	-	1,387,008	1,496,245	1,424,910
Student support	-	-	-	451,000	400,039	447,007
Supplies and materials	-	19,872	9,001	451,518	394,923	462,298
Training and program costs	-	-	16,730	283,403	182,990	202,141
Travel and meetings	-	1,498	737	316,500	362,372	347,059
Utilities	-	818	834	268,600	260,829	253,210
Wages, salaries and benefits	-	57,323	-	4,125,098	4,228,166	4,133,637
	3,874,755	4,589,047	3,809,439	13,397,564	14,718,745	13,929,651
Surplus (deficit) for the year before amortization	1,032,658	563,781	947,720	528,469	534,466	(56,210)

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19 Tangible capital assets

	Cost					Accumulated amortization			Net book value at March 31, 2017
	Opening balance \$	Additions \$	Disposals \$	Transfers \$	Closing balance \$	Opening balance \$	Amortization \$	Closing balance \$	\$
Land	17,809	-	-	-	17,809	-	-	-	17,809
Infrastructure	29,558,680	-	-	-	29,558,680	14,783,904	735,413	15,519,317	14,039,363
Buildings and improvements	3,012,445	882,463	-	-	3,894,908	2,502,353	93,529	2,595,882	1,299,026
Equipment	2,385,729	304,659	-	-	2,690,388	2,144,970	129,648	2,274,618	415,770
Construction-in-progress	1,963,822	1,189,823	-	-	3,153,645	-	-	-	3,153,645
	36,938,485	2,376,945	-	-	39,315,430	19,431,227	958,590	20,389,817	18,925,613

	Cost					Accumulated amortization			Net book value at March 31, 2016
	Opening balance \$	Additions \$	Disposals \$	Transfers \$	Closing balance \$	Opening balance \$	Amortization \$	Closing balance \$	\$
Land	17,809	-	-	-	17,809	-	-	-	17,809
Infrastructure	25,399,211	-	-	4,159,469	29,558,680	14,100,484	683,420	14,783,904	14,774,776
Buildings and improvements	2,693,227	319,218	-	-	3,012,445	2,407,933	94,420	2,502,353	510,092
Equipment	2,375,729	10,000	-	-	2,385,729	2,035,990	108,980	2,144,970	240,759
Construction-in-progress	4,159,469	1,963,822	-	(4,159,469)	1,963,822	-	-	-	1,963,822
	34,645,445	2,293,040	-	-	36,938,485	18,544,407	886,820	19,431,227	17,507,258

