

Pelican Lake First Nation

Consolidated Financial Statements
March 31, 2018

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 Professional Accountants and as such include amounts that are the best estimates and judgments of management.

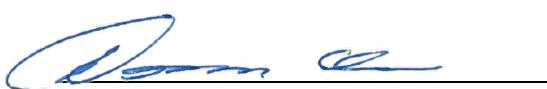
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

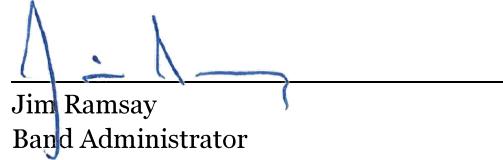
The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to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

*PricewaterhouseCoopers LLP
128 4th Avenue South, Suite 600, Saskatoon, Saskatchewan, Canada S7K 1M8
T: +1 306 668 5900, F: +1 306 652 1315*

November 7, 2018

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, 2018 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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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, 2018 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

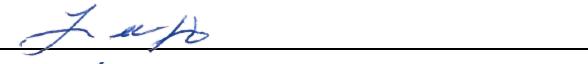
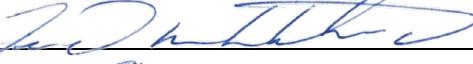
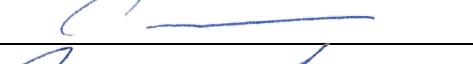
Pelican Lake First Nation

Consolidated Statement of Financial Position

As at March 31, 2018

	2018 \$	2017 \$
Financial assets (note 8)		
Cash (note 2)	3,142,043	685,933
Accounts receivable (note 3)	211,867	560,646
Trust funds held by federal government (note 4)	71,942	230,302
Due from government (note 5)	-	267,717
Inventories	223,657	183,401
Investments in government business enterprises (note 6)	104,121	104,121
	<hr/> 3,753,630	<hr/> 2,032,120
Financial liabilities		
Bank overdrafts (note 2)	1,854,002	1,719,158
Accounts payable and accrued liabilities	465,111	923,157
Deferred revenue (note 7)	2,854,968	600,267
Long-term debt (note 8)	7,770,541	7,642,364
	<hr/> 12,944,622	<hr/> 10,884,946
Net debt	<hr/> (9,190,992)	<hr/> (8,852,826)
Non-financial assets		
Tangible capital assets (note 19)	18,658,777	18,925,613
Prepaid expenses	70,605	-
	<hr/> 18,729,382	<hr/> 18,925,613
Accumulated surplus (note 14)	<hr/> 9,538,390	<hr/> 10,072,787
Employee future benefits (note 9)		
Contingent liabilities (note 10)		

Approved by the Chief and Council

 Chief
 Councillor  Councillor
 Councillor  Councillor
 Councillor  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, 2018

	Budget \$ (note 17)	2018 \$	2017 \$
Revenue			
Federal government transfers for operating (note 11)	8,337,127	8,514,932	8,287,131
Pelican Lake Mall and Store	3,800,000	3,843,812	3,778,067
Agency Chiefs Tribal Council	359,645	815,794	393,096
Federal government transfers for capital (note 11)	379,989	799,620	777,233
A.C. Forestry Ltd.	540,000	544,320	476,338
First Nations Trust	553,819	531,311	523,762
Rent	368,000	491,495	431,825
Insurance	100,000	168,772	148,921
Other	159,787	129,808	123,067
Northern Lights Community Development Corp.	100,000	61,850	132,590
Amounts held in trust by federal government	-	44,640	104,726
Prince Albert Grand Council	-	-	76,455
	<hr/> 14,698,367	<hr/> 15,946,354	<hr/> 15,253,211
Expenses (note 13)			
Pelican Lake Mall and Store	4,000,000	4,016,502	3,972,967
Education	3,678,035	4,015,024	3,621,952
Social services	2,093,306	1,936,796	2,016,227
Band government	1,559,507	1,696,232	1,741,901
Community infrastructure	1,277,385	1,340,451	1,433,838
Housing and capital projects	1,054,660	852,431	765,988
Economic development and other programs	259,461	637,745	616,080
Health	606,144	655,365	549,792
	<hr/> 14,528,498	<hr/> 15,150,546	<hr/> 14,718,745
Surplus for the year before amortization			
(note 15)	169,869	795,808	534,466
Amortization	<hr/> 1,000,000	<hr/> 1,330,205	<hr/> 958,590
Deficit for the year			
	(830,131)	(534,397)	(424,124)
Accumulated surplus – Beginning of year			
	<hr/> 10,072,787	<hr/> 10,072,787	<hr/> 10,496,911
Accumulated surplus – End of year (note 14)			
	<hr/> 9,242,656	<hr/> 9,538,390	<hr/> 10,072,787
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, 2018

	Budget \$ (note 17)	2018 \$	2017 \$
Deficit for the year	(830,131)	(534,397)	(424,124)
Acquisition of tangible capital assets	(500,000)	(1,063,369)	(2,376,945)
Amortization of tangible capital assets	1,000,000	1,330,205	958,590
Increase in prepaid expenses	-	(70,605)	-
Change in net debt	(330,131)	(338,166)	(1,842,479)
Net debt – Beginning of year	(8,852,826)	(8,852,826)	(7,010,347)
Net debt – End of year	<u>(9,182,957)</u>	<u>(9,190,992)</u>	<u>(8,852,826)</u>

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, 2018

	2018	2017
	\$	\$
Operating activities		
Deficit for the year	(534,397)	(424,124)
Items not affecting cash		
Amortization of tangible capital assets	1,330,205	958,590
Net change in financial assets and liabilities (note 16)	2,460,650	493,220
	<hr/>	<hr/>
	3,256,458	1,027,686
Capital activities		
Acquisition of tangible capital assets (note 16)	<hr/>	<hr/>
	(1,063,369)	(2,376,945)
Financing activities		
Debt issues	712,569	1,676,720
Debt retirement	(584,392)	(483,517)
	<hr/>	<hr/>
	128,177	1,193,203
Investing activities		
Investments in government business enterprises	<hr/>	<hr/>
	-	(104,121)
Change in net cash	2,321,266	(260,177)
Net cash – Beginning of year	<hr/>	<hr/>
	(1,033,225)	(773,048)
Net cash – End of year	<hr/>	<hr/>
	1,288,041	(1,033,225)
Net cash is comprised of		
Cash (note 2)	3,142,043	685,933
Bank overdrafts (note 2)	(1,854,002)	(1,719,158)
	<hr/>	<hr/>
	1,288,041	(1,033,225)
Supplementary cash flow information		
Interest paid in year	<hr/>	<hr/>
	228,385	210,202

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

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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 the following:

- Junor Farms Ltd.;
- Pelican Lake Business Ventures Inc. (operating as Pelican Lake Store);
- Pelican Lake Electrical & Mechanical Ltd.;
- Pelican Lake Mall;
- Pelican Lake Wild Rice Ltd.; and
- Spruce Creek Bison Ranch.

Organizations meeting the definition of a government business enterprise and 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;
- Pelican Lake Energy Corp.; and
- Pelican Lake Outfitters Ltd.

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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, 2017. 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.

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

Inventories consist of supplies and materials at Pelican Lake Electrical and Mechanical Ltd. and goods available for resale at Pelican Lake Store and the Pelican Lake Mall. Inventories 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.

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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

	2018 \$	2017 \$
Unrestricted cash		
Operating	129,249	110,718
Income assistance	-	26,254
Pelican Lake Mall and Store	-	15,160
	<hr/> 129,249	<hr/> 152,132
Restricted cash		
Capital projects	2,477,341	189,818
CMHC replacement reserve and operating reserve funds	349,084	343,983
Settlement trust funds	186,369	-
	<hr/> 3,142,043	<hr/> 685,933
Bank overdrafts		
Operating	(1,203,750)	(1,267,987)
CMHC and housing	(483,921)	(451,171)
Pelican Lake Mall and Store	(97,198)	-
Income assistance	(64,078)	-
Pelican Lake Electrical and Mechanical	(5,055)	-
	<hr/> (1,854,002)	<hr/> (1,719,158)
Total cash and bank overdrafts, net	<hr/> 1,288,041	<hr/> (1,033,225)

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.

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

3 Accounts receivable

	2018 \$	2017 \$
Agency Chiefs Tribal Council	116,249	93,335
Advances to membership, staff and council	70,481	140,158
Northern Lights Community Development Corp.	25,137	34,316
A.C. Forestry Ltd.	-	243,975
Rent and land leases	-	32,019
Other advances and receivables	-	16,843
	<hr/>	<hr/>
	211,867	560,646

4 Trust funds held by federal government

	March 31, 2017 \$	Additions \$	Withdrawals \$	March 31, 2018 \$
Revenue	212,943	44,640	(203,000)	54,583
Capital	<hr/> 17,359	-	-	17,359
	<hr/> 230,302	<hr/> 44,640	<hr/> (203,000)	<hr/> 71,942

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

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, 2018

5 Due from government

	2018	2017
	\$	\$
Canada Mortgage and Housing Corporation	-	135,233
Indigenous and Northern Affairs Canada	-	118,894
Health Canada	-	13,590
	<hr/>	<hr/>
	-	267,717
	<hr/>	<hr/>

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. As of March 31, 2018, Pelican Lake Energy Corp. had borrowed funds from the First Nations Bank of Canada of \$325,000 (2017 – \$425,000). The loan bears interest monthly at 4.55% with principal payments of \$25,000 required quarterly until April 1, 2021. The First Nation has provided full guarantees on this debt 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, 2018, 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, 2018 there were no amounts drawn on the letter of credit, \$277,325 was drawn on the mortgage, \$42,058 was drawn on the equipment loan and \$49,257 was drawn on the loan for a total of \$368,840.

The First Nation has an ownership interest of 33.33% in A.C. Forestry Ltd. and A.C. Realty Ltd. As at March 31, 2018, 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 leader 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. As at March 31, 2018, A.C. Realty Ltd. has total available debt of \$819,000 in the form of a commercial mortgage. The mortgage bears interest at 5.25% and is repayable in monthly principal and interest instalments of \$5,493. At March 31, 2018 the outstanding balance was \$671,460 (2017 - \$701,928).

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

The following table presents condensed financial information for the government business enterprises. Note that Pelican Lake Electrical and Mechanical Ltd. is included in the March 31, 2017 figures but not in the March 31, 2018 figures as it is part of the consolidated First Nation reporting entity as of April 1, 2017.

	2018 \$	2017 \$
Cash	22,032	136,223
Accounts receivable	79,358	113,551
Inventory	-	173,529
Tangible capital assets	<u>606,996</u>	<u>632,516</u>
Total assets	708,386	1,055,819
Accounts payable	90,961	129,885
Due to First Nation	306,971	554,135
Long-term debt	<u>325,000</u>	<u>544,000</u>
Total liabilities	722,932	1,228,020
Deficit	<u>(14,546)</u>	<u>(172,201)</u>
Total liabilities and deficit	708,386	1,055,819
Revenue	515,375	856,474
Expenses	<u>451,415</u>	<u>897,554</u>
Net income (loss)	63,960	(41,080)

During the year ended March 31, 2018, the First Nation made payments for goods and services of \$613,673 (2017 – \$640,881) to Horizon Interiors Limited Partnership.

7 Deferred revenue

	Balance at March 31, 2017 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2018 \$
Federal government				
Capital projects	366,058	2,500,000	(394,692)	2,471,366
Other	234,209	1,795,162	(1,761,716)	267,655
Northern Lights CDC	-	102,349	(61,850)	40,499
Agency Chiefs Tribal Council	-	<u>477,208</u>	<u>(401,760)</u>	<u>75,448</u>
	600,267	4,874,719	(2,620,018)	2,854,968

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

	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

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

a) The following debt instruments are outstanding at March 31, 2018 and 2017:

	2018 \$	2017 \$
First Nations Bank of Canada store loan repayable with interest charged at 4.85% (renews 2022, matures 2037)	2,046,214	1,677,484
CMHC Phase V mortgage, repayable with monthly principal and interest payments of \$9,190 over 20 years at 1.35% (renews 2023, matures 2032)	1,371,882	1,459,949
CMHC Phase VI mortgage, repayable with monthly principal and interest payments of \$6,237 over 20 years at 1.86% (renews 2023, matures 2038)	1,221,576	1,203,764
CMHC Phase IV mortgage repayable with monthly principal and interest payments of \$6,754 over 15 years at 1.67% (renews 2019, matures 2029)	758,610	826,529
Bank of Montreal demand loan repayable with interest charged at prime plus 1.50%	270,000	270,000
First Nations Bank of Canada economic development loan repayable with quarterly principal payments of \$18,000, plus interest charged monthly at 4.55% (matures 2022)	234,000	306,000
CMHC Phase III mortgage, repayable with monthly principal and interest payments of \$2,670 over 10 years at 1.30% (renews 2021, matures 2026)	233,968	262,808
First Nations Bank of Canada 8-plex loan repayable with monthly principal and interest payments of \$1,906, with interest charged at 4.45% (renews 2022, matures 2022)	233,549	246,332
First Nations Bank of Canada interim demand loan repayable, with interest charged at prime plus 1.25% (matures 2023)	191,369	-
CMHC Phase I mortgage, repayable with monthly principal and interest payments of \$1,621 over 15 years at 2.39% (renews 2023, matures 2028)	179,920	196,238

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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)	158,332	186,273
CMHC Phase II mortgage, repayable with monthly principal and interest payments of \$1,296 over 15 years at 1.92% (renews 2020, matures 2029)	152,288	164,820
Bank of Montreal demand loan repayable with interest at prime plus 1.50%	150,000	150,000
Bank of Montreal consolidation loan repayable with monthly principal payments of \$11,467, plus interest charged at prime plus 2% (matures 2020)	149,067	286,667
Bank of Montreal equipment loan repayable with interest charged at 3.36% (matures 2022) in monthly blended instalments of \$3,565	144,213	181,471
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)	107,105	115,070
First Nations Bank economic development loan repayable with quarterly principal payments of \$7,000, plus interest charged monthly at 4.55% (matures 2022)	91,000	-
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)	77,448	108,959
	<hr/>	<hr/>
	7,770,541	7,642,364

b) The following are additional details regarding the outstanding debt instruments detailed above:

Note that the First Nations Bank of Canada store loan balance (\$2,046,214) is reported as of October 31, 2017 as per note 1c). The balance outstanding as of March 31, 2018 is \$2,018,291. 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, 2018, are estimated to be as follows:

	\$
2019	656,381
2020	647,024
2021	561,558
2022	449,550
2023	458,015
Thereafter	4,998,013

Interest expense on long-term debt for the year ended March 31, 2018 was \$228,385 (2017 – \$210,202).

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

c) Settlement claim financing

With respect to the First Nations Bank of Canada interim demand loan repayable of \$191,369, the authorized facility at March 31, 2018 is \$373,520. The First Nation utilizes debt financing to advance treaty claims against the Government of Canada; this facility is an interim demand loan to finance legal and litigation insurance costs related to the First Nation's railway settlement claim. The interim demand loan has a trigger date of December 4, 2022 or when the settlement claim pays out, whichever is sooner. Repayment of the financing arises from either settlement of the claim or from insurance proceeds paid to the First Nation in the event that the claim fails.

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 \$185,532 during the year ended March 31, 2018 (2017 – \$186,819), 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, 2018.

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, 2018, the amount of the obligation cannot be reliably estimated.

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

11 Government transfers

	2018		
	Operating \$	Capital \$	Total \$
Federal government transfers			
Indigenous and Northern Affairs Canada (note 12)	7,529,732	799,620	8,329,352
Health Canada	683,437	-	683,437
Canada Mortgage and Housing Corporation	301,763	-	301,763
	8,514,932	799,620	9,314,552
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

12 Indigenous and Northern Affairs Canada (INAC)

	2018 \$	2017 \$
Recipient total per INAC transfer payment management system	10,586,999	8,557,852
Prior year INAC deferred revenue (note 7)	600,267	68,757
Social Assistance funding receivable	(118,893)	(38,303)
Band Employee Benefits funding receivable	-	(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)	(2,739,021)	(600,267)
	8,329,352	7,897,348

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

	2018 \$	2017 \$
INAC revenue	10,586,999	8,428,858
Net recognition (deferral) of deferred revenue	(2,257,647)	(531,510)
	8,329,352	7,897,348

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

13 Expenses by object

	Budget \$ (note 17)	2018 \$	2017 \$
Wages, salaries and benefits	4,179,837	4,314,701	4,228,166
Pelican Lake Mall and Store	4,000,000	4,016,502	3,972,967
Social assistance	1,552,674	1,445,974	1,496,245
Repairs and maintenance	966,107	750,465	562,208
Contracts	530,039	704,304	855,577
Honorarium, per diem and elders	606,161	662,486	631,751
Student support	450,000	533,845	400,039
Supplies and materials	455,577	515,475	394,923
Travel and meetings	290,220	390,501	362,372
Economic development	-	378,129	346,607
Utilities	279,600	274,220	260,829
Insurance	242,500	254,385	216,222
Bank charges and interest	189,000	228,385	210,202
Professional fees	177,000	197,942	157,579
Member support	136,072	162,625	156,975
Special projects	93,300	126,148	57,926
Training and program costs	230,517	121,542	182,990
Miscellaneous and debt write-offs	79,294	38,336	150,094
Rent and equipment leases	50,600	17,364	57,022
Property taxes	20,000	17,217	18,051
	<hr/>	<hr/>	<hr/>
	14,528,498	15,150,546	14,718,745

14 Accumulated surplus

	2018 \$	2017 \$
Internally restricted		
Invested in tangible capital assets	11,553,672	11,875,916
Externally restricted		
CMHC replacement reserve and operating reserve	349,084	343,983
Unrestricted deficit	(2,364,366)	(2,147,112)
Accumulated surplus	<hr/>	<hr/>
	9,538,390	10,072,787

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

15 Annual deficit net of capital related revenues and amortization

	2018 \$	2017 \$
Surplus for the year before amortization	795,808	534,466
Less: Capital related revenues included in surplus for the year		
Federal government transfers for capital (note 11)	<u>(799,620)</u>	<u>(777,233)</u>
Deficit for the year net of capital related revenues and amortization	<u>(3,812)</u>	<u>(242,767)</u>

16 Net change in financial assets and liabilities

	2018 \$	2017 \$
Accounts receivable	348,779	31,244
Trust funds held by federal government	158,360	(199,394)
Due from government	267,717	(200,991)
Inventories	(40,256)	(36,243)
Prepaid expenses	(70,605)	-
Accounts payable and accrued liabilities	(458,046)	367,094
Deferred revenue	<u>2,254,701</u>	<u>531,510</u>
	<u>2,460,650</u>	<u>493,220</u>

Note that \$2,336,194 of the change in deferred revenue relates to funding for future capital activities.

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.

Pelican Lake First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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, Pelican Lake Electrical and Mechanical, 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.

Pelican Lake First Nation
 Notes to Consolidated Financial Statements
 March 31, 2018

		Budget 2018 \$	Education 2018 \$	2017 Budget \$	Social services 2018 \$	2017 Budget \$	Community infrastructure 2018 \$	2017 Budget \$
Revenues								
Federal government transfers	3,994,742	4,013,805	3,969,059	1,705,077	1,570,956	1,479,959	849,928	987,618
Pelican Lake Mall and Store	-	-	-	-	-	-	-	1,208,643
Agency Chiefs Tribal Council	-	401,760	-	257,645	271,415	285,099	77,000	-
First Nations Trust	-	-	-	-	-	-	-	64,029
Rent	-	-	-	-	12,000	12,000	80,000	202,393
Other	-	-	-	3,400	19,177	32,262	38,732	71,206
A.C. Forestry Ltd.	-	-	-	-	-	-	109,098	71,168
	3,994,742	4,415,565	3,969,059	1,966,122	1,873,548	1,809,320	1,045,660	1,363,138
								1,432,979
Expenses								
Bank charges and interest	-	-	-	-	15,000	6,490	12,697	-
Contracts	335,738	350,062	298,746	3,520	55,032	26,828	60,000	86,990
Economic development	-	-	-	-	-	-	-	220,788
Honorarium, per diem and elders	-	-	-	-	-	-	-	-
Insurance	20,000	13,968	15,020	4,500	4,488	3,809	53,000	58,085
Member support	-	-	-	136,072	91,245	156,636	-	43,848
Other	35,000	118,032	32,347	66,600	15,761	25,657	20,000	(38,160)
Pelican Lake Mall and Store	-	-	-	-	-	-	-	16,257
Professional fees	85,000	21,221	15,369	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-
Social assistance	-	-	-	1,552,674	1,445,974	1,496,245	30	-
Student support	450,000	533,845	400,039	-	-	-	-	-
Supplies and materials	96,172	93,978	107,637	36,380	34,480	20,789	278,982	306,419
Training and program costs	28,000	26,781	25,236	8,000	13,389	12,545	20,000	17,231
Travel and meetings	120,000	120,820	109,942	11,000	10,279	10,642	123,000	16,531
Utilities	2,508,125	2,736,317	2,617,616	259,560	259,608	250,349	542,856	112,010
Wages, salaries and benefits								534,884
	3,678,035	4,015,024	3,621,952	2,093,306	1,936,796	2,016,227	1,277,385	1,433,838
Surplus (deficit) for the year before amortization	316,707	400,541	347,107	(127,184)	(63,248)	(206,907)	(231,725)	22,687
								(859)

Pelican Lake First Nation
 Notes to Consolidated Financial Statements
 March 31, 2018

	Housing and capital projects	2018 Budget \$	2017 Budget \$	Band government	2018 Budget \$	2017 Budget \$	Health	2018 Budget \$	2017 Budget \$
Revenues									
Federal government transfers	632,989	1,101,383	781,456	803,978	864,053	820,080	637,102	683,437	748,702
Pelican Lake Mall and Store	-	-	-	-	-	-	5,035	25,000	-
Agency Chiefs Tribal Council	-	-	-	-	-	-	-	78,590	21,000
First Nations Trust	-	-	-	-	-	-	-	-	-
Rent	228,000	283,660	209,855	217,655	58,288	96,000	-	-	-
Other	100,000	159,899	154,430	-	-	48,867	-	-	3,600
A.C. Forestry Ltd.	-	-	-	-	-	-	-	-	-
	960,989	1,544,942	1,145,741	1,021,633	922,341	969,982	662,102	762,027	773,302
Expenses									
Bank charges and interest	82,000	101,592	85,171	92,000	120,303	112,334	-	-	-
Contracts	10,000	69,544	151,560	119,781	131,606	147,709	1,000	11,070	9,746
Economic development	-	-	-	-	-	-	-	-	-
Honorarium, per diem and elders	-	-	-	500,000	536,879	518,418	-	-	-
Insurance	154,000	153,064	137,846	6,000	18,045	5,726	5,000	5,732	7,630
Member support	-	-	-	-	225	339	-	71,155	-
Other	-	319	9,541	7,000	(19,422)	118,616	1,294	16,650	9,734
Pelican Lake Mall and Store	-	-	-	-	-	-	-	-	-
Professional fees	7,000	6,650	7,000	170,000	188,564	147,434	-	2,728	-
Repairs and maintenance	671,500	421,148	284,031	5,000	7,901	11,421	34,560	31,218	29,694
Social assistance	-	-	-	-	-	-	-	-	-
Student support	-	-	-	-	-	-	-	-	-
Supplies and materials	5,000	36,040	4,427	13,523	26,270	15,389	5,520	11,546	8,522
Training and program costs	15,000	15,853	12,471	212,000	264,806	268,126	210,517	104,311	126,057
Travel and meetings	2,000	9,580	10,886	13,000	10,931	11,782	17,720	51,669	28,820
Utilities	108,160	38,641	63,055	421,203	410,124	384,607	10,600	9,800	9,257
Wages, salaries and benefits	-	-	-	-	-	-	319,933	339,486	320,332
	1,054,660	852,431	765,988	1,559,507	1,696,232	1,741,901	606,144	655,365	549,792
Surplus (deficit) for the year before amortization	(93,671)	692,511	379,753	(537,874)	(773,891)	(771,919)	55,958	106,662	223,510

Pelican Lake First Nation

Notes to Consolidated Financial Statements
For the year ended March 31, 2018

	Economic development and other programs			Total		
	Budget \$	2018 \$	2017 \$	Budget \$	2018 \$	2017 \$
Revenues						
Federal government transfers	93,300	93,300	56,465	8,717,116	9,314,552	9,064,364
Pelican Lake Mall and Store	3,800,000	3,843,812	3,778,067	3,800,000	3,843,812	3,778,067
Agency Chiefs Tribal Council	-	-	-	359,645	815,794	393,096
First Nations Trust	553,819	531,311	523,762	553,819	531,311	523,762
Rent	60,000	(6,558)	42,764	368,000	491,495	431,825
Other	-	58,608	275,432	359,787	405,070	585,759
A.C. Forestry Ltd.	540,000	544,320	476,338	540,000	544,320	476,338
	5,047,119	5,064,793	5,152,828	14,698,367	15,946,354	15,253,211
Expenses						
Bank charges and interest	-	-	-	189,000	228,385	210,202
Contracts	-	-	200	530,039	704,304	855,577
Economic development	378,129	346,607	113,333	-	378,129	346,607
Honorarium, per diem and elders	125,607	1,003	2,343	606,161	662,486	631,751
Insurance	-	-	-	242,500	254,385	216,222
Member support	1,133,300	105,885	70,941	136,072	162,625	156,975
Other	4,000,000	4,016,502	3,972,967	243,194	199,065	283,093
Pelican Lake Mall and Store	-	-	3,145	4,000,000	4,016,502	3,972,967
Professional fees	-	-	-	177,000	197,942	157,579
Repairs and maintenance	-	-	-	966,017	750,465	562,208
Social assistance	-	-	-	1,552,674	1,449,974	1,496,245
Student support	-	-	-	450,000	533,845	400,039
Supplies and materials	6,742	19,872	455,577	515,475	394,923	394,923
Training and program costs	-	-	-	230,517	121,542	182,990
Travel and meetings	1,472	1,498	818	290,220	390,501	362,372
Utilities	-	800	57,323	279,600	274,220	260,829
Wages, salaries and benefits	20,000	18,107	57,323	4,179,837	4,314,701	4,228,166
	4,259,461	4,654,247	4,589,047	14,528,408	15,150,546	14,718,745
Surplus (deficit) for the year before amortization	787,658	410,546	563,781	169,959	795,808	534,466

Pelican Lake First Nation

Notes to Consolidated Financial Statements
For the year ended March 31, 2018

19 Tangible capital assets

	Cost					Accumulated amortization			Net book value at March 31, 2018 \$
	Opening balance \$	Additions \$	Disposals \$	Transfers \$	Closing balance \$	Opening balance \$	Amortization \$	Closing balance \$	
Land	17,809	-	-	-	17,809	-	-	-	17,809
Infrastructure	29,558,680	171,708	-	-	29,730,388	15,519,317	737,559	16,256,876	13,473,512
Buildings and improvements	3,894,908	764,439	-	3,153,645	7,812,992	2,595,882	397,054	2,992,936	4,820,056
Equipment	2,690,388	127,222	-	-	2,817,610	2,274,618	195,592	2,470,210	347,400
Construction-in-progress	3,153,645	-	-	(3,153,645)	-	-	-	-	-
	39,315,430	1,063,369	-	-	40,378,799	20,389,817	1,330,205	21,720,022	18,658,777
	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