

**Pheasant Rump Nakota First Nation**

**#68**

**Consolidated Financial Statements**

*March 31, 2015*

# Pheasant Rump Nakota First Nation #68

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For the year ended March 31, 2015

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## Management's Responsibility

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To the Members of Pheasant Rump Nakota First Nation #68:

The accompanying financial statements of Pheasant Rump Nakota First Nation #68 are the responsibility of management and have been approved by the Council.

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

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

The Pheasant Rump Nakota First Nation #68 Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 16, 2015

"Original Signed by Donna Ledoux"

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"Original Signed by Chief Ira McArthur"

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## Independent Auditors' Report

To the Members of Pheasant Rump Nakota First Nation #68:

We have audited the accompanying financial statements of Pheasant Rump Nakota First Nation #68, which comprise the consolidated statement of financial position as at 2015, and the consolidated statements of operations and accumulated surplus (deficit), changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained 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 Pheasant Rump Nakota First Nation #68 as at March 31, 2015 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan

July 16, 2015



Chartered Accountants

# Pheasant Rump Nakota First Nation #68

## Consolidated Statement of Financial Position

*As at March 31, 2015*

	2015	2014
<b>Financial assets</b>		
<b>Current</b>		
Cash (Note 3)	430,240	81,680
Accounts receivable (Note 4)	198,911	101,560
	<b>629,151</b>	183,240
<b>Funds held in trust (Note 5)</b>	<b>155,492</b>	116,446
<b>Total financial assets</b>	<b>784,643</b>	299,686
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 6)	39,442	99,701
Accounts payable and accruals	235,303	453,484
Deferred revenue (Note 7)	335,636	24,964
Contingent liabilities (Note 11)	64,769	-
Current portion of term loans subject to refinancing (Note 8)	76,025	74,666
Current portion of long-term debt (Note 9)	91,331	85,875
	<b>842,506</b>	738,690
Term loans subject to refinancing (Note 8)	178,901	255,313
	<b>1,021,407</b>	994,003
<b>Long-term debt (Note 9)</b>	<b>222,106</b>	313,665
<b>Total financial liabilities</b>	<b>1,243,513</b>	1,307,668
<b>Net debt</b>	<b>(458,870)</b>	(1,007,982)
<b>Contingencies (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 12)	1,044,168	943,129
Prepaid expenses	-	8,025
<b>Total non-financial assets</b>	<b>1,044,168</b>	951,154
<b>Accumulated surplus (deficit) (Note 14)</b>	<b>585,298</b>	(56,828)

Approved by:

"Original Signed by Chief Ira McArthur"

**Chief**

"Original Signed by Misty McArthur"

**Councilor**

# Pheasant Rump Nakota First Nation #68

## Consolidated Statement of Operations and Accumulated Surplus (Deficit)

*For the year ended March 31, 2015*

	<i>Schedules</i>	<b>2015 Budget (Note 18)</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>				
Aboriginal Affairs and Northern Development Canada (Note 15)		912,690	1,075,069	914,246
Health Canada (Note 16)		271,018	280,916	277,040
		60,224	55,946	55,946
Provincial Disaster Recovery Program (Note 7)		-	-	(9,985)
Oil and Gas		120,000	915,535	128,637
Painted Hand CDC		24,000	194,920	189,435
Gravel		-	159,960	-
First Nations Trust		120,000	151,804	159,463
Taxes		-	118,794	-
FSIN		25,000	114,500	114,500
SIIT		119,000	70,716	68,352
Other		-	63,255	44,696
Gain on disposal of tangible capital assets		-	35,378	35,722
Rental income		30,400	43,946	39,097
Interest income		-	2,568	3,268
		<b>1,682,332</b>	<b>3,283,307</b>	<b>2,020,417</b>
<b>Program expenses</b>				
Community Development	2	287,575	636,663	388,476
Economic Development	3	30,800	33,160	30,827
Education	4	266,249	234,727	257,957
Government Support	5	280,600	379,950	293,159
Social Development	6	221,994	120,095	209,186
Registration and Membership	7	5,000	3,161	6,089
Health	8	290,689	301,755	286,618
CMHC Housing	9	85,224	229,003	123,038
Other Band Programs	10	281,000	702,667	308,311
<b>Total expenditures</b>		<b>1,749,131</b>	<b>2,641,181</b>	<b>1,903,661</b>
<b>Annual surplus</b>		<b>(66,799)</b>	<b>642,126</b>	<b>116,756</b>
<b>Accumulated deficit, beginning of year</b>		<b>(56,828)</b>	<b>(56,828)</b>	<b>(173,584)</b>
<b>Accumulated surplus (deficit), end of year (Note 14)</b>		<b>(123,627)</b>	<b>585,298</b>	<b>(56,828)</b>

The accompanying notes are an integral part of these financial statements

# Pheasant Rump Nakota First Nation #68

## Consolidated Statement of Change in Net Debt

*For the year ended March 31, 2015*

	<b>2015 Budget (Note 18)</b>	<b>2015</b>	<b>2014</b>
<b>Annual surplus</b>	<b>(66,799)</b>	<b>642,126</b>	<b>116,756</b>
Purchases of tangible capital assets	-	<b>(229,831)</b>	(252,755)
Amortization of tangible capital assets	-	<b>121,265</b>	101,224
Gain on disposal of tangible capital assets	-	<b>(35,378)</b>	(35,722)
Proceeds of disposal of tangible capital assets	-	<b>42,905</b>	35,722
	-	<b>(101,039)</b>	(151,531)
Acquisition of prepaid expenses	-	-	(387)
Use of prepaid expenses	-	<b>8,025</b>	-
	-	<b>8,025</b>	(387)
<b>Decrease (increase) in net debt</b>	<b>(66,799)</b>	<b>549,112</b>	(35,162)
<b>Net debt, beginning of year</b>	<b>(1,007,982)</b>	<b>(1,007,982)</b>	(972,820)
<b>Net debt, end of year</b>	<b>(1,074,781)</b>	<b>(458,870)</b>	(1,007,982)

The accompanying notes are an integral part of these financial statements

# Pheasant Rump Nakota First Nation #68

## Consolidated Statement of Cash Flows

*For the year ended March 31, 2015*

	2015	2014
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	642,126	116,756
Non-cash items		
Amortization	121,265	101,224
Bad debts (recovery)	6,656	(2,728)
Change in deferred revenue	310,672	(14,326)
Gain on disposal of tangible capital assets	(35,378)	(35,722)
	1,045,341	165,204
Changes in working capital accounts		
Accounts receivable	(104,007)	33,909
Prepaid expenses	8,025	(387)
Accounts payable and accruals	(218,181)	(169,154)
Contingent liabilities	64,769	-
	795,947	29,572
<b>Financing activities</b>		
Advances of debt	-	362,500
Repayment of debt	(161,156)	(115,770)
Increase in funds held in trust	(39,046)	(36,738)
Advances of bank indebtedness	(60,259)	(20,179)
	(260,461)	189,813
<b>Capital activities</b>		
Purchases of tangible capital assets	(229,831)	(252,755)
Proceeds of disposal of tangible capital assets	42,905	35,722
	(186,926)	(217,033)
<b>Increase in cash resources</b>	348,560	2,352
<b>Cash resources, beginning of year</b>	81,680	79,328
<b>Cash deficiency, end of year</b>	430,240	81,680
<b>Supplementary cash flow information</b>		
Interest paid	34,147	31,212

The accompanying notes are an integral part of these financial statements



# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

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### 1. Operations

The Pheasant Rump Nakota First Nation #68 (the "First Nation") is located in the province of Saskatchewan, and provides various services to its members. Pheasant Rump Nakota First Nation #68 includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

### 2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Standards Board of the Canadian Institute of Chartered Accountants.

#### ***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

#### ***Reporting entity***

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity.

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

- Pheasant Rump Nakota First Nation
- Pheasant Rump Nakota First Nation CMHC Housing

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

#### ***Other economic interests***

Pheasant Rump Nakota First Nation is a member of Yorkton Tribal Council Child and Family Services Incorporated. The Yorkton Tribal Council Child and Family Services Incorporated is an organization of thirteen member First Nations, whose purpose is to provide child and family services to the thirteen member Nations.

The First Nation does not have a share in the profit or loss of the above entity. As a result, the financial statements of Yorkton Tribal Council Child and Family Services Incorporated have not been consolidated with the financial statements of Pheasant Rump Nakota First Nation.

#### ***Cash resources***

Cash resources include balances with banks and short-term investments with maturities of one year or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Funds held in trust by AANDC for the First Nation and the cash on deposit in CMHC reserve accounts are recorded as restricted assets.

#### ***Funds held in Ottawa Trust Fund***

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

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

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

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

#### **Tangible capital assets**

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

#### **Amortization**

Amortization for tangible capital assets is provided using the following method at rates intended to amortize the cost over their estimated useful lives. In the year of acquisition, amortization is taken at 1/2 of the annual amount.

	Method	Rate
Buildings	straight-line	25 Years
Automotive equipment	straight-line	4 Years
Equipment	straight-line	5 Years
Housing	straight-line	20 Years
Infrastructure	straight-line	20 Years

#### **Provision for site rehabilitation**

The First Nation is reviewing environmental objectives and liabilities for its activities and potential site reclamation and restoration obligations of a landfill. The First Nation has yet to determine the amounts of such obligations.

#### **Long-lived assets**

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus for the year.

#### **Intangible assets**

The First Nation owns mineral rights, water resources and lands inherited from the Crown. These items are not recognized in the First Nation's financial statements in accordance with PS 1200 *Financial Statement Presentation*.

#### **Asset classification**

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

#### **Net debt**

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

# **Pheasant Rump Nakota First Nation #68**

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

*For the year ended March 31, 2015*

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

#### **Measurement uncertainty**

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable, and amounts due from related Nation entities and departments, are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records of the periods in which they become known.

#### **Revenue recognition**

##### **Government Transfers**

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### **Externally restricted revenue**

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

##### **Tax revenue**

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

##### **Other revenue**

Rental revenue is recognized over the rental term. Investment income is recognized as it is earned. Other revenues are earned from services provided by the First Nation and are recognized when the service has been provided.

The First Nation received a significant amount of revenue from various oil companies. This revenue is a result of lease agreements pertaining to mineral rights on designated reserve land owned by the First Nation. Royalties are paid on a monthly basis to the First Nation and the First Nation receives a reconciliation of how the royalties were determined with the royalty cheque. There is no set amount to be paid yearly; the royalties fluctuate based on the volumes produced.

# **Pheasant Rump Nakota First Nation #68**

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

*For the year ended March 31, 2015*

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

#### **Reserves**

##### **Trust Funds**

The Ottawa Trust accounts arise from funds 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 Sections 63 to 69 of the Indian Act. A reserve is recorded equal to the funds held in trust by the Government of Canada.

##### **CHMC**

The First Nation has entered into agreements with CMHC that require that a reserve be established for future replacement costs.

#### **Segments**

The First Nation conducts its business through 9 reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information and are apportioned based on a percentage of budgeted revenue, where permitted by the funding agencies.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

#### **Liability for contaminated sites**

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### **Recent accounting pronouncements**

##### **Financial instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019.

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

### **3. Restricted cash**

Restricted cash consists of amounts relating to CMHC replacement reserve of \$147,835 (2014 - \$80,676) and the CMHC operating reserve of \$2,483 (2014 - \$915).

Restricted cash also consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by AANDC. At March 31, 2015 this amounted to \$251,465 (2014 - \$nil).

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2015*

### 4. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	-	595
Health Canada	43,557	-
Advances	137,457	117,056
Other accounts receivable	134,662	81,984
Oil and Gas lease revenue receivable	6,947	18,981
	<b>322,623</b>	218,616
Less: Allowance for doubtful accounts	<b>123,712</b>	117,056
	<b>198,911</b>	101,560

### 5. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2015	2014
<b>Capital Trust</b>		
Balance, beginning and end of year	4,184	4,184
<b>Revenue Trust</b>		
Balance, beginning of year	112,262	75,524
Interest	2,923	2,618
Lease	24,601	34,120
	<b>139,786</b>	112,262
<b>Suspense</b>		
Lease	11,522	-
	<b>11,522</b>	-
	<b>155,492</b>	116,446

### 6. Bank indebtedness

Bank indebtedness includes a line of credit amounting to \$85,000, of which none was withdrawn at March 31, 2015. The line of credit bears interest at prime plus 5%. Funding from Aboriginal Affairs and Northern Development Canada is pledged as collateral. Bank indebtedness is cheques issued in excess of deposits.

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2015*

### 7. Deferred revenue

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

	<i>Balance, beginning of year</i>	<i>Funds received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
Provincial Disaster Recovery Program	24,964	-	-	24,964
AANDC - Flood Road Recovery	-	550,000	239,328	310,672
	<b>24,964</b>	<b>550,000</b>	<b>239,328</b>	<b>335,636</b>

### 8. Term loans subject to refinancing

	<b>2015</b>	<b>2014</b>
Royal Bank of Canada term loan bearing interest at prime plus 3.7% payable in blended monthly installments of \$2,000, maturing in 2017. This loan is subject to refinancing on June 4, 2015.	<b>53,937</b>	73,313
Royal Bank of Canada term loan bearing interest of 4.90% payable in monthly instalments of \$4,583 plus interest, maturing in November 2018, due on demand, secured by Oil and Gas funds and First Nations Trust funds. This loan is subject to refinancing in August 2015.	<b>200,989</b>	256,667
Current portion term loans subject to refinancing	<b>(76,025)</b>	(74,666)
	<b>178,901</b>	255,314

Principal repayments on term loans subject to refinancing in each of the next four years are estimated as follows:

2016	76,025
2017	77,478
2018	65,144
2019	36,279
	<b>254,926</b>

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2015*

### 9. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on-reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>CMHC Phase</u>	<u>Monthly Payment Including Interest</u>	<u>Interest Rate</u>	<u>Renewal Date</u>	<u>2015</u>	<u>2014</u>
I	7,555	6.64%	May 1/17	182,667	258,642
II	<u>1,141</u>	2.63%	Jun. 1/16	<u>130,770</u>	<u>140,898</u>
	8,696			313,437	399,540

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2016	91,331
2017	97,149
2018	26,159
2019	11,230
2020	11,529

### 10. CMHC Reserve

#### Operating reserve

The First Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this program. Any operating surpluses are retained in an operating reserve fund, which can be used to recover future operating deficits.

#### Replacement reserve

A replacement reserve has been established for replacement of capital equipment and for major repairs to the houses. The reserve is credited annually in amounts approved by CMHC until the reserve accumulates to the amount specified in the agreements. Any applicable expense is charged against the reserve. Interest income attributable to this reserve fund is credited directly to the replacement reserve fund. Separate reserve funds are maintained for Pre-1997 projects and Post-1996 projects.

At March 31, 2015 the replacement and operating reserve funds are overfunded by \$41,702 (2014 - replacement reserve underfunded by \$13,942; operating reserve underfunded by \$40,816).

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2015*

### 11. Contingencies

The First Nation is involved in a dispute over the by-election. The effects of any contingent claims relating to this dispute are not determinable at the date of this report.

The First Nation is in a dispute with respect to outstanding legal fees relating to the period of 2011 - 2014. Since the likelihood of the First Nation having to settle this contingency is high, a liability has been recorded in the financial statements.

The First Nation has entered into an agreement with AANDC to provide funding for legal costs associated with a legal dispute referred as "James McArthur vs. Her Majesty the Queen and the Minister of Northern Affairs." No funds were dispersed in the current year.

The First Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment in the First Nation fails to comply with the terms and conditions of the agreements. This amount cannot be reasonably estimated at this point in time.

### 12. Tangible capital assets

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2015 Net book value</b>
Buildings	920,304	36,726	-	494,621	462,409
Housing	2,234,005	-	-	2,030,106	203,899
Equipment	499,897	189,363	15,058	335,136	339,066
Infrastructure	41,044	3,742	-	5,992	38,794
	<b>3,695,250</b>	<b>229,831</b>	<b>15,058</b>	<b>2,865,855</b>	<b>1,044,168</b>

  

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2014 Net book value</b>
Buildings	907,149	13,155	-	457,678	462,626
Housing	2,234,005	-	-	1,995,412	238,593
Equipment	301,341	198,556	-	296,222	203,675
Infrastructure	-	41,044	-	2,809	38,235
	<b>3,442,495</b>	<b>252,755</b>	<b>-</b>	<b>2,752,121</b>	<b>943,129</b>

During the year end March 31, 2015 amortization expense of \$121,265 (2014 - \$101,224) was recorded of which \$34,695 (2014 - \$34,695) related to Housing, \$46,443 (2014 - \$26,776) relates to Equipment, \$36,944 (2014 - \$36,944) relates to Buildings, and \$3,183 (2014 - \$2,809) relates to Infrastructure.

Buildings includes the smudging lodge with a carrying value of \$36,726 (2014 - \$nil ). No amortization of this asset has been recorded during the year because it is currently under construction.

### 13. Economic dependence

Pheasant Rump Nakota First Nation #68 receives substantially all of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.



# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2015*

### 14. Accumulated surplus (deficit)

Accumulated surplus (deficit) consists of the following:

	2015	2014
Equity in Ottawa Trust Funds	155,492	116,446
Equity in tangible capital assets	676,792	470,274
Equity in CHMC operating reserve	65,837	94,618
Equity in CMHC replacement reserve	40,296	40,816
Unrestricted deficit	(353,119)	(778,982)
	<b>585,298</b>	<b>(56,828)</b>

The First Nation does not maintain a moveable asset reserve.

### 15. AANDC Reconciliation

	2015	2014
AANDC funding per confirmation	1,390,176	895,727
Special Needs - recovery	(489)	(1,869)
Basic Needs - receivable (recovery)	(2,449)	2,464
Assisted Living - recovery	(1,497)	-
	<b>1,385,741</b>	<b>896,322</b>
Deferred revenue - beginning of year	-	17,924
Deferred revenue - end of year	(310,672)	-
	<b>(310,672)</b>	<b>17,924</b>
Funding total per financial statements	<b>1,075,069</b>	<b>914,246</b>

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2015*

### 16. Reconciliation of funding from Health Canada

	2015	2014
Funding per Health Canada confirmation	288,593	272,865
08/09 funding adjustment	-	4,669
	<b>288,593</b>	<b>277,534</b>
<b>Less: recoveries</b>		
Medical transportation	-	(466)
Administration and coordination	-	(28)
Mental health	(101)	-
Health services/board/coordination	(2,962)	-
FASD	(2,700)	-
COHI	(891)	-
Communicable disease emergencies	(1,000)	-
FNIHCC	(17)	-
Brighter futures	(1)	-
NNADAP	(2)	-
Solvent abuse program	(3)	-
	<b>(7,677)</b>	<b>(494)</b>
Funding total per financial statements	<b>280,916</b>	<b>277,040</b>

### 17. Segments

The First Nation has 9 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

**Community Development** - includes activities for the maintenance of the community and its infrastructure.

**Economic Development** - includes activities for future Nation business activities.

**Education** - includes the operations of education programs.

**Government Support** - includes administration and governance activities.

**Social Development** - activities include delivering social programs.

**Registration and Membership** - includes the administration of band membership.

**Health** - includes the operations of health care programs.

**CMHC Housing** - includes the operations of CMHC housing units.

**Other Band Programs** - other band programs not funded by AANDC or Health Canada.

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

# Pheasant Rump Nakota First Nation #68

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

### 18. Budget information

The disclosed budget information is retrieved from the First Nation's five year Master Action Plan approved by Council and AANDC in 2012.

#### Reconciliation to approved budget

Total revenues per approved budget	\$2,029,080
Less: Transfers included in revenue	(346,748)
Total revenue per Statement of Operations	1,682,332

Total expenditures per approved budget	\$1,962,786
Less: Transfers included in expenditures	(213,655)
Total expenditures per Statement of Operations	1,749,131

Surplus per approved budget	\$66,294
Deficit per Statement of Operations	\$(66,799)

### 19. Comparative figures

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

### 20. Change in accounting policy

#### *Liability for contaminated sites*

Effective April 1, 2014, the First Nation adopted the recommendations relating to PS 3260 *Liability for Contaminated Sites*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the First Nation is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 2, *Significant Accounting Policies*.

There was no effect on the First Nation's financial statements of adopting the above-noted change in accounting policy.

**Pheasant Rump Nakota First Nation #68**  
**Schedule 1 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Consolidated expenses by object</b>			
Repairs and maintenance	204,564	486,340	263,718
Salaries and benefits	445,189	450,077	436,264
Professional fees	48,648	348,963	158,201
Contracted services	35,062	150,101	81,567
Supplies	59,081	144,944	71,250
Amortization	-	121,265	101,224
Assistance	146,143	113,651	125,570
Living allowance	82,000	98,353	91,261
PCD Payments	-	83,000	-
Elders	10,500	82,628	19,546
Travel	80,620	77,994	52,909
Utilities	76,300	67,264	39,233
Insurance	28,114	64,161	59,551
Program expense	23,500	49,907	43,726
Management fees	106,500	44,600	83,622
Transportation	50,050	35,479	51,776
Food and beverage	2,292	35,456	29,358
Interest on long-term debt	36,054	34,147	31,212
Professional development	31,878	32,772	30,778
Training	46,333	30,816	25,854
Tuition	42,100	30,799	45,937
Student expenses	21,488	18,235	4,635
Telephone	24,950	17,594	18,153
Community donations	12,000	12,887	12,472
Meeting	19,288	9,848	1,419
Bad debts (recovery)	-	6,656	(2,728)
Bank charges and interest	3,720	2,844	9,025
Administration	112,757	-	-
Honouraria (recovery)	-	(9,600)	18,128
	<b>1,749,131</b>	<b>2,641,181</b>	<b>1,903,661</b>

**Pheasant Rump Nakota First Nation #68**  
**Community Development**  
**Schedule 2 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	211,527	451,355	216,739
Other	-	8,258	14,378
Rental income	5,400	-	-
	<b>216,927</b>	<b>459,613</b>	<b>231,117</b>
<b>Expenses</b>			
Repairs and maintenance	109,534	319,776	190,203
Amortization	-	75,440	64,397
Salaries and benefits	68,117	59,157	46,330
Utilities	71,300	55,356	32,291
Contracted services	-	47,131	4,396
Insurance	11,614	41,328	40,964
Administration	6,875	13,605	7,653
Professional development	2,385	9,350	-
Professional fees	-	9,291	-
Supplies	17,300	4,772	-
Meeting	-	797	58
Travel	-	621	-
Bank charges and interest	-	39	-
Telephone	450	-	-
Training	-	-	2,184
	<b>287,575</b>	<b>636,663</b>	<b>388,476</b>
<b>Deficit before transfers</b>	<b>(70,648)</b>	<b>(177,050)</b>	<b>(157,359)</b>
<b>Transfers between programs</b>	<b>(62,445)</b>	<b>10,065</b>	<b>52,408</b>
<b>Deficit</b>	<b>(133,093)</b>	<b>(166,985)</b>	<b>(104,951)</b>

**Pheasant Rump Nakota First Nation #68**  
**Economic Development**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	<b>30,800</b>	<b>30,800</b>	30,800
<b>Expenses</b>			
Salaries and benefits	-	<b>14,000</b>	-
Professional fees	-	<b>8,889</b>	6,328
Travel	<b>27,720</b>	<b>4,372</b>	-
Administration	<b>3,080</b>	<b>3,198</b>	4,722
Contracted services	-	<b>1,500</b>	27
Supplies	-	<b>1,201</b>	-
Training	-	-	19,750
	<b>30,800</b>	<b>33,160</b>	30,827
<b>Deficit</b>	-	<b>(2,360)</b>	(27)

**Pheasant Rump Nakota First Nation #68**  
**Education**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	266,249	267,555	284,173
Other	-	-	1,779
	<b>266,249</b>	<b>267,555</b>	<b>285,952</b>
<b>Expenses</b>			
Living allowance	82,000	79,215	69,006
Transportation	50,050	35,110	51,547
Administration	22,340	34,822	35,303
Tuition costs	42,100	22,749	29,711
Salaries and benefits	31,000	22,717	30,830
Supplies	9,771	20,011	14,184
Student expenses	21,488	12,203	3,460
Amortization	-	2,625	-
Contracted services	-	1,020	-
Insurance	-	1,001	-
Groceries and food	-	1,000	2,457
Meeting	3,500	725	20
Professional fees	-	626	-
Travel	3,500	367	699
Repairs and maintenance	-	355	847
Interest on long-term debt	-	181	-
Professional development	-	-	760
Program expense	500	-	19,133
	<b>266,249</b>	<b>234,727</b>	<b>257,957</b>
<b>Surplus</b>	<b>-</b>	<b>32,828</b>	<b>27,995</b>

**Pheasant Rump Nakota First Nation #68**  
**Government Support**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	177,120	211,620	177,120
Other	-	4,017	2,541
Oil and Gas	-	-	228
Loss on disposal of tangible capital assets	-	(5,529)	-
	<b>177,120</b>	<b>210,108</b>	<b>179,889</b>
<b>Expenses</b>			
Professional fees	25,000	98,624	36,906
Salaries and benefits	95,000	99,444	79,124
Management fees	102,000	44,600	83,622
Travel	29,000	46,780	29,461
Supplies	6,500	26,515	6,293
Telephone	18,000	17,594	18,153
Contracted services	-	12,761	15,077
Bad debts (recovery)	-	6,656	(2,728)
Repairs and maintenance	1,500	6,923	1,721
Amortization	-	6,867	10,632
Professional development	-	4,176	5,222
Program expense	-	3,107	-
Bank charges and interest	3,600	2,662	8,873
Groceries and food	-	1,632	555
Interest on long-term debt	-	809	248
Honouraria	-	800	-
	<b>280,600</b>	<b>379,950</b>	<b>293,159</b>
<b>Deficit before transfers</b>	<b>(103,480)</b>	<b>(169,842)</b>	<b>(113,270)</b>
<b>Transfers between programs</b>	<b>103,480</b>	<b>80,000</b>	<b>80,000</b>
<b>Deficit</b>	<b>-</b>	<b>(89,842)</b>	<b>(33,270)</b>



**Pheasant Rump Nakota First Nation #68**  
**Social Development**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	221,994	108,739	200,414
Other	-	-	1,244
	<b>221,994</b>	<b>108,739</b>	<b>201,658</b>
<b>Expenses</b>			
Assistance	146,143	92,079	107,677
Salaries and benefits	31,218	26,186	40,541
Administration	10,400	817	11,151
Professional development	2,100	380	760
Contracted services	-	300	9,377
Groceries and food	-	161	5,588
Honouraria	-	100	-
Supplies	-	72	7,272
Training	31,133	-	1,177
Travel	1,000	-	1,107
Professional fees	-	-	16,666
Community donations	-	-	540
Repairs and maintenance	-	-	509
Program expense	-	-	6,821
	<b>221,994</b>	<b>120,095</b>	<b>209,186</b>
<b>Deficit</b>	-	<b>(11,356)</b>	<b>(7,528)</b>

**Pheasant Rump Nakota First Nation #68**  
**Registration and Membership**  
**Schedule 7 - Schedule of Revenue and Expenses**

*For the year ended March 31, 2015*

	<b>2015 Budget</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	5,000	5,000	5,000
Other	-	-	1,090
	<b>5,000</b>	<b>5,000</b>	<b>6,090</b>
<b>Expenses</b>			
Salaries and benefits	-	1,850	1,893
Supplies	1,000	722	1,886
Professional fees	-	500	-
Contracted services	-	89	-
Repairs and maintenance	1,000	-	-
Administration	3,000	-	-
Professional development	-	-	1,071
Travel	-	-	1,239
	<b>5,000</b>	<b>3,161</b>	<b>6,089</b>
<b>Surplus</b>	<b>-</b>	<b>1,839</b>	<b>1</b>

**Pheasant Rump Nakota First Nation #68**  
**Health**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	2015	2015	2014
<b>Revenue</b>			
Health Canada	271,018	280,916	277,040
Other	-	111	2,118
	<b>271,018</b>	<b>281,027</b>	<b>279,158</b>
<b>Expenses</b>			
Salaries and benefits	102,154	101,867	111,206
Contracted services	11,062	56,505	50,280
Administration	35,842	26,178	24,687
Program expense	18,000	19,911	13,084
Supplies	16,610	18,454	21,019
Travel	16,200	16,409	15,898
Groceries and food	2,292	12,672	11,848
Professional development	26,393	11,772	17,376
Repairs and maintenance	10,500	11,650	6,144
Professional fees	6,648	11,470	3,335
Utilities	5,000	6,488	2,726
Insurance	5,000	4,512	5,657
Training	12,700	2,167	1,078
Honouraria	-	1,600	728
Elders	500	100	500
Meeting	15,788	-	1,052
Management fees	4,500	-	-
Telephone	1,500	-	-
	<b>290,689</b>	<b>301,755</b>	<b>286,618</b>
<b>Deficit before transfers</b>	<b>(19,671)</b>	<b>(20,728)</b>	<b>(7,460)</b>
<b>Transfers between programs</b>	<b>19,671</b>	<b>-</b>	<b>-</b>
<b>Deficit</b>	<b>-</b>	<b>(20,728)</b>	<b>(7,460)</b>

**Pheasant Rump Nakota First Nation #68**  
**CMHC Housing**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
CMHC	60,224	55,946	55,946
Gain on disposal of tangible capital assets	-	40,907	35,722
Rental income	25,000	7,823	8,977
Interest income (recovery)	-	(355)	650
	<b>85,224</b>	<b>104,321</b>	101,295
<b>Expenses</b>			
Repairs and maintenance	29,330	132,087	47,210
Amortization	-	26,195	26,195
Interest on long-term debt	36,054	18,253	22,831
Supplies	-	15,476	-
Insurance	10,000	14,939	12,930
Administration	8,720	8,720	8,720
Contracted services	-	6,945	-
Professional fees	1,000	5,988	5,000
Travel	-	257	-
Bank charges and interest	120	143	152
	<b>85,224</b>	<b>229,003</b>	123,038
<b>Deficit</b>	-	<b>(124,682)</b>	(21,743)

**Pheasant Rump Nakota First Nation #68**  
**Other Band Programs**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
<b>Revenue</b>			
Provincial Disaster Recovery Program	-	-	(9,985)
Oil and Gas	120,000	915,535	128,409
Painted Hand CDC	24,000	194,920	189,435
Gravel	-	159,960	-
First Nations Trust	120,000	151,804	159,463
Taxes	-	118,794	-
FSIN	25,000	114,500	114,500
SIIT	119,000	70,716	68,352
Other	-	50,868	21,545
Rental income	-	36,124	30,120
Interest income	-	2,922	2,618
	<b>408,000</b>	<b>1,816,143</b>	<b>704,457</b>
<b>Expenses</b>			
Professional fees	16,000	213,575	89,966
Salaries and benefits	117,700	124,856	126,338
PCD Payments	-	83,000	-
Elders	10,000	82,528	19,046
Supplies	7,900	57,721	20,596
Training	2,500	28,649	1,665
Program expense	5,000	26,889	4,688
Contracted services	24,000	23,849	2,410
Assistance	-	21,572	17,894
Groceries and food	-	19,990	8,909
Living allowance	-	19,138	22,255
Repairs and maintenance	52,700	15,549	17,085
Interest on long-term debt	-	14,905	8,134
Community donations	12,000	12,887	11,932
Amortization	-	10,138	-
Travel	3,200	9,187	4,504
Meeting	-	8,326	289
Tuition	-	8,050	16,226
Professional development	1,000	7,095	5,589
Student expenses	-	6,032	1,175
Utilities	-	5,420	4,216
Insurance	1,500	2,382	-
Transportation	-	369	230
Telephone	5,000	-	-
Honouraria (recovery)	-	(12,100)	17,400
Administration (recovery)	22,500	(87,340)	(92,236)
	<b>281,000</b>	<b>702,667</b>	<b>308,311</b>
<b>Surplus before transfers</b>	<b>127,000</b>	<b>1,113,476</b>	<b>396,146</b>
<b>Transfers between programs</b>	<b>(60,706)</b>	<b>(100,000)</b>	<b>(132,408)</b>
<b>Surplus</b>	<b>66,294</b>	<b>1,013,476</b>	<b>263,738</b>