

**Pheasant Rump Nakota First Nation #68**  
**Consolidated Financial Statements**

*March 31, 2017*

# Pheasant Rump Nakota First Nation #68

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*For the year ended March 31, 2017*

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## Management's Responsibility

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

The accompanying consolidated 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 consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of 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 may meet periodically and separately with, both the Council and management to discuss their audit findings.

July 27, 2017

"Original Signed by: Donna Ledoux"

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Director of Operations

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## Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Pheasant Rump Nakota First Nation #68, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, 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 Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

We believe that the audit evidence we have obtained 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, 2017 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 27, 2017



Chartered Professional Accountants

# Pheasant Rump Nakota First Nation #68

## Consolidated Statement of Financial Position

*As at March 31, 2017*

	2017	2016
<b>Financial assets</b>		
<b>Current</b>		
Cash (Note 3)	39,703	46,946
Project management cash (Note 3)	48,752	24,893
Accounts receivable (Note 4)	551,306	183,815
	639,761	255,654
<b>Funds held in trust (Note 5)</b>	122,102	190,902
<b>Total financial assets</b>	761,863	446,556
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 6)	178,572	101,519
Accounts payable and accruals	544,941	466,856
Deferred revenue (Note 7)	493,975	112,516
Current portion of long-term debt (Note 8)	124,852	183,509
	1,342,340	864,400
	1,342,340	864,400
<b>Long-term debt (Note 8)</b>	362,579	480,611
<b>Total financial liabilities</b>	1,704,919	1,345,011
<b>Net debt</b>	(943,056)	(898,455)
<b>Contingencies (Note 10)</b>		
<b>Subsequent events (Note 19)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	995,254	1,054,162
Prepaid expenses	772	1,500
<b>Total non-financial assets</b>	996,026	1,055,662
<b>Accumulated surplus (Note 13)</b>	52,970	157,207

Approved by:

"Original Signed by"

Julie Kakakaway

**Councilor**

"Original Signed by"

Misty McArthur

**Councilor**

The accompanying notes are an integral part of these financial statements

# Pheasant Rump Nakota First Nation #68

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2017*

	<i>Schedules</i>	<i>2017 Budget (Note 17)</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>				
Indigenous and Northern Affairs Canada (Note 14)		912,690	1,253,445	1,477,275
Health Canada (Note 15)		271,018	394,043	391,978
CMHC		60,224	63,571	55,946
First Nations Trust		120,000	142,294	152,203
Grants		-	94,928	204,690
Painted Hand CDC		24,000	117,009	124,303
FSIN		107,000	114,500	114,500
Oil and Gas		120,000	103,513	81,214
Other		-	92,484	107,257
SIIT		37,000	90,139	63,187
Rental income		30,400	59,450	48,770
Taxes		-	35,378	59,633
Yorkton Tribal Council Child and Family Services Inc.		-	25,190	-
Gain on disposal of tangible capital assets		-	5,875	-
Interest income		-	3,856	3,483
Gravel		-	-	64,500
Recovery of contingent liability		-	-	27,269
		<b>1,682,332</b>	<b>2,595,675</b>	<b>2,976,208</b>
<b>Program expenses</b>				
Community Development	2	287,575	366,741	886,244
Economic Development	3	30,800	268,067	118,717
Education	4	266,249	318,144	307,193
Government Support	5	280,600	386,518	363,409
Social Development	6	221,994	178,841	173,455
Registration and Membership	7	5,000	5,000	4,977
Health	8	290,689	346,297	396,737
CMHC Housing	9	85,224	93,083	310,648
Other Band Programs	10	281,000	737,221	842,921
<b>Total expenditures (Schedule 1)</b>		<b>1,749,131</b>	<b>2,699,912</b>	<b>3,404,301</b>
<b>Annual deficit</b>		<b>(66,799)</b>	<b>(104,237)</b>	<b>(428,093)</b>
<b>Accumulated surplus, beginning of year</b>		<b>157,207</b>	<b>157,207</b>	<b>585,300</b>
<b>Accumulated surplus, end of year (Note 13)</b>		<b>90,408</b>	<b>52,970</b>	<b>157,207</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, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Annual deficit</b>	<b>(66,799)</b>	<b>(104,237)</b>	<b>(428,093)</b>
Purchases of tangible capital assets	-	<b>(92,802)</b>	(152,342)
Amortization of tangible capital assets	-	<b>138,585</b>	142,348
Gain on disposal of tangible capital assets	-	<b>(5,876)</b>	-
Proceeds of disposal of tangible capital assets	-	<b>19,000</b>	-
	-	<b>58,907</b>	(9,994)
Acquisition of prepaid expenses	-	-	(1,500)
Use of prepaid expenses	-	<b>729</b>	-
	-	<b>729</b>	(1,500)
<b>Increase in net debt</b>	<b>(66,799)</b>	<b>(44,601)</b>	(439,587)
<b>Net debt, beginning of year</b>	<b>(898,455)</b>	<b>(898,455)</b>	(458,868)
<b>Net debt, end of year</b>	<b>(965,254)</b>	<b>(943,056)</b>	(898,455)

*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, 2017*

	2017	2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual deficit	(104,237)	(428,093)
Non-cash items		
Amortization	138,585	142,348
Bad debts	10,127	5,019
Change in deferred revenue	381,459	(223,120)
Gain on disposal of tangible capital assets	(5,875)	-
Change in uncashed cheques in bank indebtedness	10,262	(78,392)
	430,321	(582,238)
Changes in working capital accounts		
Accounts receivable	(377,619)	10,077
Prepaid expenses	729	(1,500)
Accounts payable and accruals	78,087	166,789
	131,518	(406,872)
<b>Financing activities</b>		
Advances of debt	10,000	262,377
Repayment of long-term debt	(186,690)	(166,621)
Decrease (increase) in funds held in trust	68,800	(35,411)
Drawings of bank indebtedness	66,790	140,468
	(41,100)	200,813
<b>Capital activities</b>		
Purchases of tangible capital assets	(92,802)	(152,342)
Proceeds of disposal of tangible capital assets	19,000	-
	(73,802)	(152,342)
<b>Increase (decrease) in cash resources</b>	16,616	(358,401)
<b>Cash resources, beginning of year</b>	71,839	430,240
<b>Cash resources, end of year</b>	88,455	71,839
<b>Cash resources are composed of:</b>		
Cash	39,703	46,946
Project management cash	48,752	24,893
	88,455	71,839
<b>Supplementary cash flow information</b>		
Interest paid	28,291	29,375

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



# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

*For the year ended March 31, 2017*

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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 consolidated 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 Professional 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:

- Pheasant Rump Nakota First Nation #68
- 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 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.

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

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2017*

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**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 straight-line 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.

Rate

Buildings	25 Years
Automotive equipment	4 Years
Equipment	5 Years
Housing	10-20 Years
Infrastructure	20 Years

***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*.

***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 annual deficit for the year.

***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.

***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.

**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 are stated after evaluation as to their collectibility 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 and oil prices.

**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, 2017.

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.

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

***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 financial statements.

**Related Party Disclosures and Inter-Entity Transactions**

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions. These new Sections define related parties and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

These standards are effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Assets**

In June 2015, the PSAB issued PS 3210 Assets. The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Contractual Rights**

In June 2015, the PSAB issued PS 3380 Contractual Rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Until a transaction or events occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent and timing. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

*For the year ended March 31, 2017*

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

#### Contingent Assets

In June 2015, the PSAB issued PS 3320 Contingent Assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. Disclosures should include existence, nature and extent of contingent assets, as well as the reasons for any non-disclosure of extent and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such disclosure would have an adverse impact on the outcome. The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation has not yet determined the effect of these new standards on its financial statements.

### 3. Cash

Restricted cash included in cash is comprised of amounts relating to CMHC replacement reserve of \$35,451 (2016 - \$35,636) and the CMHC operating reserve of \$3,733 (2016 - \$10,702).

Restricted cash also consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by INAC. At March 31, 2017 this amounted to \$48,752 (2016 - \$24,893).

### 4. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada	396,688	-
Health Canada	-	2,336
Advances to members	135,779	144,227
Other accounts receivable	148,255	161,319
Oil and Gas leases	9,441	4,663
	<b>690,163</b>	312,545
Less: Allowance for doubtful accounts	<b>138,857</b>	128,730
	<b>551,306</b>	183,815

Advances to members relate to amounts owing from various members. Loans are non-interest bearing with no set terms of repayment and are unsecured.

# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

For the year ended March 31, 2017

### 5. Funds held in trust

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

	2017	2016
<b>Capital Trust</b>		
Balance, beginning and end of year	4,184	4,184
<b>Revenue Trust</b>		
Balance, beginning of year	167,459	139,786
Interest	3,017	3,071
Lease	25,381	24,602
	195,857	167,459
Less: Transfers to Nation	109,479	-
Balance, end of year	86,378	167,459
<b>Suspense</b>		
Balance, beginning of year	19,259	11,522
Interest	759	72
Lease	11,522	7,665
Balance, end of year	31,540	19,259
	122,102	190,902

### 6. Bank indebtedness

Bank indebtedness includes a line of credit amounting to \$85,000, of which \$80,903 (2016 - \$14,113) was withdrawn at March 31, 2017. The line of credit bears interest at prime plus 5%. Funding from Indigenous and Northern Affairs Canada is pledged as collateral. Bank indebtedness includes uncashed cheques for 2017 in the amount of \$97,669 (2016 - 87,406).

The First Nation also has access to a \$200,000 revolving lease line of credit, of which none was withdrawn at March 31, 2017.

### 7. Deferred revenue

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

	Balance, beginning of year	Funds received	Recognized as revenue	Balance, end of year
Provincial Disaster Recovery Program	24,964	-	-	24,964
Yorkton Tribal Council Child and Family Services	25,190	-	25,190	-
INAC - Flood Road Recovery	62,362	10,000	1,772	70,590
INAC - Water Treatment Plant	-	107,500	26,217	81,283
INAC - New School Feasibility Study	-	80,000	-	80,000
INAC - Area Gasification	-	265,438	28,300	237,138
	112,516	462,938	81,479	493,975

# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

*For the year ended March 31, 2017*

### 8. 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:

CMHC Phase	Monthly Payment Including Interest	Interest Rate	Renewal Date	2017	2016
I	7,555	6.64%	May 1/17	14,987	101,564
II	1,064	1.14%	June 1/21	109,138	120,382
				<b>124,125</b>	221,946
Royal Bank of Canada term loan, interest at prime plus 2.25%, principal and interest payments of \$8,859 monthly, secured by Band Council Resolution and redirection of Oil and Gas Revenues and First Nations Trust funds, matures November 2020.				<b>355,779</b>	442,174
Royal Bank of Canada term loan, interest at prime plus 2.00%, principal and interest payments of \$860 monthly, secured by Band Council Resolution and INAC, matures December 2017				<b>7,527</b>	-
				<b>487,431</b>	664,120
Less: current portion				<b>124,852</b>	183,509
				<b>362,579</b>	480,611

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

2018	124,852
2019	107,041
2020	112,002
2021	81,555
2022 and thereafter	61,981

### 9. 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, 2017 the replacement and operating reserve funds are overfunded by \$81,109 (2016 - overfunded by \$72,830).



**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2017*

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**10. Contingencies**

The First Nation has entered into an agreement with INAC to provide funding for legal costs associated with a legal dispute referred to 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 may be subject to repayment upon final review by the relevant funding authority. This amount cannot be reasonably estimated at this point in time.

# Pheasant Rump Nakota First Nation #68

## Notes to the Financial Statements

*For the year ended March 31, 2017*

### 11. Tangible capital assets

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2017 Net book value</b>
Buildings	957,029	-	-	571,447	385,582
Housing	2,307,124	-	-	2,087,795	219,329
Equipment	753,426	38,285	36,000	451,566	304,145
Infrastructure	44,786	-	-	13,106	31,680
Assets under construction	-	54,518	-	-	54,518
	<b>4,062,365</b>	<b>92,803</b>	<b>36,000</b>	<b>3,123,914</b>	<b>995,254</b>

  

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2016 Net book value</b>
Buildings	957,029	-	-	533,034	423,995
Housing	2,234,005	73,119	-	2,058,314	248,810
Equipment	674,203	79,224	-	407,307	346,120
Infrastructure	44,786	-	-	9,549	35,237
	<b>3,910,023</b>	<b>152,343</b>	<b>-</b>	<b>3,008,204</b>	<b>1,054,162</b>

During the year end March 31, 2017 amortization expense of \$138,585 (2016 - \$142,348) was recorded of which \$29,481 (2016 - \$28,208) related to Housing, \$67,134 (2016 - \$72,170) relates to Equipment, \$38,413 (2016 - \$38,413) relates to Buildings, and \$3,557 (2016 - \$3,557) relates to Infrastructure.

Assets under construction consist of the Water Treatment Plant and the Gasification Infrastructure Project. No amortization on these assets has been recorded during the year because they are currently under construction.

Fully amortized assets included in the above cost consist of equipment of \$3,300 and housing of \$409,000.

### 12. Economic dependence

Pheasant Rump Nakota First Nation #68 receives substantially all of its revenues from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the government of Canada. These treaties are administered by INAC 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.

### 13. Accumulated surplus

Accumulated surplus consists of the following:

	<b>2017</b>	<b>2016</b>
Equity in Ottawa Trust Funds	122,102	190,902
Equity in Tangible capital assets	853,183	789,905
Equity in CHMC operating reserve	83,084	70,764
Equity in CMHC replacement reserve	33,477	37,703
Unrestricted deficit	(1,038,876)	(932,067)
	<b>52,970</b>	<b>157,207</b>

The First Nation does not maintain a moveable asset reserve.

**Pheasant Rump Nakota First Nation #68**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2017*

**14. INAC Reconciliation**

	2017	2016
INAC funding per confirmation	1,659,406	1,228,966
<b>Refunds (recoveries):</b>		
Band employee benefits	(2,760)	-
Basic Needs	19,821	-
Assisted Living	(7,805)	-
Special Needs	(3,568)	-
Investment in Economic Opportunities	(5,000)	-
	688	-
Deferred revenue - beginning of year	62,363	310,672
Deferred revenue - end of year	(469,012)	(62,363)
	(406,649)	248,309
Funding total per financial statements	1,253,445	1,477,275

**15. Reconciliation of funding from Health Canada**

	2017	2016
Funding per Health Canada confirmation	394,043	391,975
Recoveries	-	-
Funding total per financial statements	394,043	391,975

**16. 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 INAC 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 Financial Statements**  
*For the year ended March 31, 2017*

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**17. Budget information**

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

**Reconciliation to approved budget**

Total revenues per approved budget	\$2,026,080
Less: Transfers included in revenue	(343,748)
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)

**18. Comparative figures**

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

**19. Subsequent event**

Subsequent to year end, the First Nation obtained approval for funding from Health Canada for a new head start building. Funding must be utilized by March 31, 2018.

**Pheasant Rump Nakota First Nation #68**  
**Schedule 1 - Schedule of Consolidated Expenses by Object**

*For the year ended March 31, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Consolidated expenses by object</b>			
Salaries and benefits	438,409	675,070	521,862
Professional fees	48,648	262,562	220,602
Contracted services	11,062	226,587	511,279
Supplies	49,732	230,430	102,762
Repairs and maintenance	204,564	170,386	813,303
Amortization	-	138,585	142,348
Assistance	146,143	136,757	153,527
Living allowance	82,000	112,214	127,233
Travel	51,236	112,125	105,930
Insurance	42,614	84,031	78,487
Transportation	50,000	73,070	64,310
Food and beverage	4,792	70,853	62,414
Elders	10,500	68,297	94,013
Tuition	42,000	45,337	57,478
Professional development	32,542	42,949	44,133
Telephone	28,950	37,990	21,548
Health administration	-	35,324	35,982
Utilities	76,300	32,912	32,839
Program expense	47,500	32,504	60,541
Meeting	4,500	30,882	27,324
Interest on long-term debt	36,054	28,291	29,375
Student expenses	20,500	15,279	21,123
Bad debts	-	10,127	5,019
Training	54,043	9,745	34,642
Bank charges and interest	3,720	9,391	9,115
PCD Payments	-	4,000	6,000
Honouraria	-	2,174	1,877
Community donations	12,000	2,040	19,235
Administration	144,822	-	-
Management fees	106,500	-	-
	<b>1,749,131</b>	<b>2,699,912</b>	<b>3,404,301</b>

**Pheasant Rump Nakota First Nation #68**  
**Community Development**  
**Schedule 2 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget (Note 17)</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	211,527	267,619	741,631
Other	-	1,799	2,994
Rental income	5,400	1,575	-
	<b>216,927</b>	<b>270,993</b>	<b>744,625</b>
<b>Expenses</b>			
Repairs and maintenance	109,534	108,646	563,855
Amortization	-	80,520	79,247
Salaries and benefits	68,117	50,049	43,702
Insurance	24,614	47,660	49,485
Utilities	71,300	25,095	27,584
Contracted services	-	21,160	78,010
Professional fees	-	7,571	20,120
Supplies	4,300	7,491	828
Administration	6,875	7,485	15,685
Travel	-	6,672	5,761
Professional development	2,385	2,996	1,868
Training	-	1,246	-
Meeting	-	78	-
Bank charges and interest	-	72	73
Telephone	450	-	26
	<b>287,575</b>	<b>366,741</b>	<b>886,244</b>
<b>Deficit before transfers</b>	<b>(70,648)</b>	<b>(95,748)</b>	<b>(141,619)</b>
<b>Transfers between programs</b>	<b>(62,445)</b>	<b>-</b>	<b>-</b>
<b>Deficit</b>	<b>(133,093)</b>	<b>(95,748)</b>	<b>(141,619)</b>

**Pheasant Rump Nakota First Nation #68**  
**Economic Development**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget (Note 17)</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	30,800	278,550	119,800
Other	-	3,204	-
	<b>30,800</b>	<b>281,754</b>	119,800
<b>Expenses</b>			
Professional fees	-	97,115	20,650
Salaries and benefits	-	96,936	29,139
Contracted services	-	22,190	33,321
Meeting	-	15,775	14,970
Administration	30,800	11,280	3,080
Travel	-	7,263	13,004
Supplies	-	6,103	2,311
Professional development	-	5,069	-
Food and beverage	-	3,477	242
Honouraria(um)	-	2,000	-
Telephone	-	859	-
Program expense	-	-	2,000
	<b>30,800</b>	<b>268,067</b>	118,717
<b>Surplus before transfers</b>	-	13,687	1,083
<b>Transfers between programs</b>	-	5,000	-
<b>Surplus</b>	-	<b>18,687</b>	1,083

**Pheasant Rump Nakota First Nation #68**  
**Education**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	266,249	321,362	261,058
Other	-	400	288
	<b>266,249</b>	<b>321,762</b>	<b>261,346</b>
<b>Expenses</b>			
Living allowance	82,000	88,966	100,940
Transportation	50,000	73,070	64,260
Salaries and benefits	31,000	62,383	20,358
Tuition costs	42,000	32,518	55,689
Supplies	7,922	23,597	11,440
Student expenses	20,500	14,110	15,055
Administration	25,327	12,844	26,103
Program expense	500	2,998	1,235
Contracted services	-	2,905	2,678
Professional fees	-	2,481	217
Meeting	3,500	1,229	434
Professional development	-	575	125
Travel	3,500	318	1,164
Food and beverage	-	150	-
Amortization	-	-	5,250
Repairs and maintenance	-	-	2,245
	<b>266,249</b>	<b>318,144</b>	<b>307,193</b>
<b>Surplus (deficit)</b>	<b>-</b>	<b>3,618</b>	<b>(45,847)</b>



**Pheasant Rump Nakota First Nation #68**  
**Government Support**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	177,120	219,688	209,131
Other	-	32,409	19,415
Gain on disposal of tangible capital assets	-	5,875	-
	<b>177,120</b>	<b>257,972</b>	<b>228,546</b>
<b>Expenses</b>			
Salaries and benefits	95,000	163,826	172,537
Travel	29,000	59,544	52,426
Telephone	18,000	37,132	21,521
Professional fees	25,000	48,303	38,685
Supplies	6,500	25,096	22,554
Professional development	-	14,968	9,198
Contracted services	-	11,062	21,701
Bad debts	-	10,127	5,019
Bank charges and interest	3,600	9,137	8,882
Repairs and maintenance	1,500	3,647	2,647
Interest on long-term debt	-	2,370	-
Food and beverage	-	1,306	185
Meeting	-	-	1,119
Program expense	-	-	68
Amortization	-	-	6,867
Management fees	102,000	-	-
	<b>280,600</b>	<b>386,518</b>	<b>363,409</b>
<b>Deficit before transfers</b>	<b>(103,480)</b>	<b>(128,546)</b>	<b>(134,863)</b>
<b>Transfers between programs</b>	<b>103,480</b>	<b>109,479</b>	<b>80,000</b>
<b>Deficit</b>	<b>-</b>	<b>(19,067)</b>	<b>(54,863)</b>

**Pheasant Rump Nakota First Nation #68**  
**Social Development**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget (Note 17)</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	<b>221,994</b>	<b>161,226</b>	140,655
<b>Expenses</b>			
Assistance	<b>146,143</b>	<b>123,739</b>	123,785
Salaries and benefits	<b>31,218</b>	<b>28,178</b>	21,791
Food and beverage	-	<b>20,802</b>	24,236
Administration	<b>10,400</b>	<b>2,693</b>	2,692
Travel	<b>1,000</b>	<b>2,243</b>	50
Supplies	-	<b>757</b>	-
Living Allowance	-	<b>429</b>	-
Contracted services	-	-	420
Training	<b>31,133</b>	-	-
Professional development	<b>2,100</b>	-	481
	<b>221,994</b>	<b>178,841</b>	173,455
<b>Deficit</b>	-	<b>(17,615)</b>	<b>(32,800)</b>

**Pheasant Rump Nakota First Nation #68**  
**Registration and Membership**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 2016 Budget (Note 17)</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	5,000	5,000	5,000
Other	-	-	1,313
	<b>5,000</b>	<b>5,000</b>	<b>6,313</b>
<b>Expenses</b>			
Salaries and benefits	-	4,200	2,610
Supplies	1,000	800	26
Travel	-	-	841
Contracted services	-	-	1,500
Repairs and maintenance	1,000	-	-
Administration	3,000	-	-
	<b>5,000</b>	<b>5,000</b>	<b>4,977</b>
<b>Surplus</b>	-	-	1,336

**Pheasant Rump Nakota First Nation #68**  
**Health**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Health Canada	271,018	394,043	391,978
Other	-	834	4,810
	<b>271,018</b>	<b>394,877</b>	<b>396,788</b>
<b>Expenses</b>			
Salaries and benefits	102,374	105,597	133,840
Professional fees	6,648	37,709	23,961
Administration	37,200	35,814	34,739
Supplies	20,610	33,834	13,778
Contracted services	11,062	27,027	58,719
Travel	16,536	22,765	17,482
Food and beverage	4,792	17,811	12,262
Program expense	18,000	15,077	23,507
Professional development	26,057	13,527	25,451
Repairs and maintenance	10,500	13,035	15,704
Insurance	5,000	10,000	5,917
Training	20,410	8,499	21,999
Utilities	5,000	3,092	1,077
Meeting	-	2,336	4,989
Honouraria	-	174	1,627
Elders	500	-	1,685
Management fees	4,500	-	-
Telephone	1,500	-	-
	<b>290,689</b>	<b>346,297</b>	<b>396,737</b>
<b>Surplus (deficit) before transfers</b>	<b>(19,671)</b>	<b>48,580</b>	<b>51</b>
<b>Transfers between programs</b>	<b>19,671</b>	<b>-</b>	<b>-</b>
<b>Surplus</b>	<b>-</b>	<b>48,580</b>	<b>51</b>

**Pheasant Rump Nakota First Nation #68**  
**CMHC Housing**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget (Note 17)</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
CMHC	60,224	55,171	55,946
Rental income	25,000	21,052	16,503
Interest income	-	-	339
Other	-	-	300
	<b>85,224</b>	<b>76,223</b>	73,088
<b>Expenses</b>			
Amortization	-	26,195	26,195
Insurance	10,000	24,754	18,234
Salaries and benefits	-	9,366	-
Administration	8,720	8,720	8,720
Professional fees	1,000	7,921	7,920
Repairs and maintenance	29,330	6,179	196,729
Interest on long-term debt	36,054	5,837	12,863
Contracted services	-	2,156	33,770
Supplies	-	785	3,874
Professional development	-	776	-
Travel	-	272	942
Bank charges and interest	120	122	73
Program expense	-	-	880
Meeting	-	-	448
	<b>85,224</b>	<b>93,083</b>	310,648
<b>Deficit</b>	-	<b>(16,860)</b>	(237,560)

**Pheasant Rump Nakota First Nation #68**  
**Other Band Programs**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
First Nations Trust	120,000	142,294	152,203
Painted Hand CDC	24,000	117,009	124,303
FSIN	107,000	114,500	114,500
Oil and Gas	120,000	103,513	81,214
Grants	-	94,928	204,690
SIIT	37,000	90,139	63,187
Other	-	53,839	78,137
Rental income	-	36,824	32,267
Taxes	-	35,378	59,633
Yorkton Tribal Council Child and Family Services Inc.	-	25,190	-
Interest income	-	3,856	3,144
Gravel	-	-	64,500
Recovery of contingent liability	-	-	27,269
	<b>408,000</b>	<b>817,470</b>	<b>1,005,047</b>

*Continued on next page*

**Pheasant Rump Nakota First Nation #68**  
**Other Band Programs**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget (Note 17)</b>	<b>2017</b>	<b>2016</b>
<b>Expenses</b>			
Salaries and benefits	110,700	154,534	97,885
Contracted services	-	140,087	281,160
Supplies	9,400	131,967	47,950
Elders	10,000	68,297	92,328
Professional fees	16,000	61,462	109,049
Repairs and maintenance	52,700	38,879	32,123
Health administration	-	35,324	35,982
Amortization	-	31,870	24,789
Food and beverage	-	27,304	25,492
Living allowance	-	22,819	26,293
Interest on long-term debt	-	20,084	16,512
Program expense	29,000	14,430	32,852
Travel	1,200	13,049	14,260
Assistance	-	13,018	29,742
Tuition	-	12,819	1,789
Meeting	1,000	11,464	5,363
Professional development	2,000	5,039	7,009
Utilities	-	4,725	4,178
PCD Payments	-	4,000	6,000
Community donations	12,000	2,040	19,235
Insurance	3,000	1,617	4,851
Student expenses	-	1,169	6,068
Bank charges and interest	-	60	87
Honouraria	-	-	250
Training	2,500	-	12,643
Transportation	-	-	50
Telephone	9,000	-	-
Administration (recovery)	22,500	(78,836)	(91,019)
	<b>281,000</b>	<b>737,221</b>	<b>842,921</b>
<b>Surplus before transfers</b>	<b>127,000</b>	<b>80,249</b>	<b>162,126</b>
<b>Transfers between programs</b>	<b>(60,706)</b>	<b>(114,479)</b>	<b>(80,000)</b>
<b>Surplus (deficit)</b>	<b>66,294</b>	<b>(34,230)</b>	<b>82,126</b>