

Pheasant Rump Nakota First Nation

#68

Consolidated Financial Statements

March 31, 2018

Pheasant Rump Nakota First Nation #68

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For the year ended March 31, 2018

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Management's Responsibility

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 17, 2018

"Original Signed By Donna Ledoux"

Director of Operations

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, 2018, 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, 2018 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 17, 2018



Chartered Professional Accountants

Pheasant Rump Nakota First Nation #68

Consolidated Statement of Financial Position

As at March 31, 2018

	2018	2017
Financial assets		
Current		
Cash (Note 3)	40,308	39,703
Project management cash (Note 3)	317,835	48,752
Accounts receivable (Note 4)	176,047	551,306
	534,190	639,761
Funds held in trust (Note 5)	105,893	122,102
Total financial assets	640,083	761,863
Liabilities		
Current		
Bank indebtedness (Note 6)	92,479	178,572
Accounts payable and accruals	479,078	544,943
Deferred revenue (Note 7)	526,302	493,975
Current portion of long-term debt (Note 8)	107,041	124,852
	1,204,900	1,342,342
Long-term debt (Note 8)	356,913	362,579
Total financial liabilities	1,561,813	1,704,921
Net debt	(921,730)	(943,058)
Contingencies (Note 10)		
Subsequent events (Note 19)		
Non-financial assets		
Tangible capital assets (Note 11)	1,638,672	995,254
Prepaid expenses	5,302	772
Total non-financial assets	1,643,974	996,026
Accumulated surplus (Note 13)	722,244	52,968

Approved by:

"Original Signed By Julie Kakakaway"

Councilor

"Original Signed By Misty McArthur"

Councilor

Pheasant Rump Nakota First Nation #68

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

	<i>Schedules</i>	2018 Budget (Note 17)	2018	2017
Revenue				
Indigenous Services Canada (Note 14)		1,021,560	1,868,532	1,253,445
Health Canada (Note 15)		390,222	744,225	394,043
CMHC		18,339	26,432	63,571
Other		33,000	186,780	92,484
Painted Hand CDC		157,000	145,442	117,009
First Nations Trust		152,000	144,238	142,294
Oil and Gas		107,400	117,160	103,513
FSIN		114,500	96,423	114,500
SIIT		74,000	87,634	90,139
Rental income		34,830	52,310	59,450
Grants		-	41,095	94,928
Taxes		42,467	40,968	35,378
Interest income		-	2,671	3,856
Yorkton Tribal Council Child and Family Services Inc.		-	-	25,190
(Loss) gain on disposal of tangible capital assets		-	(150)	5,875
		2,145,318	3,553,760	2,595,675
Program expenses				
Community Development	2	295,228	477,304	366,741
Economic Development	3	165,800	207,339	268,067
Education	4	304,786	330,956	318,144
Government Support	5	231,570	584,793	386,518
Social Development	6	143,700	187,500	178,841
Registration and Membership	7	5,000	5,000	5,000
Health	8	390,222	429,297	346,297
CMHC Housing	9	45,266	36,913	93,083
Other Band Programs	10	548,108	625,382	737,221
Total expenditures (Schedule 1)		2,129,680	2,884,484	2,699,912
Annual surplus (deficit)		15,638	669,276	(104,237)
Accumulated surplus, beginning of year		52,968	52,968	157,205
Accumulated surplus, end of year (Note 13)		68,606	722,244	52,968

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, 2018

	2018 Budget (Note 17)	2018	2017
Annual surplus (deficit)	15,638	669,276	(104,237)
Purchases of tangible capital assets	-	(810,976)	(92,802)
Amortization of tangible capital assets	136,655	165,007	138,585
(Loss) gain on disposal of tangible capital assets	-	150	(5,876)
Proceeds of disposal of tangible capital assets	-	2,400	19,000
	136,655	(643,419)	58,907
Acquisition of prepaid expenses	-	(4,529)	-
Use of prepaid expenses	-	-	729
	-	(4,529)	729
Decrease (increase) in net debt	152,293	21,328	(44,601)
Net debt, beginning of year	(943,058)	(943,058)	(898,457)
Net debt, end of year	(790,765)	(921,730)	(943,058)

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, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus (deficit)	669,276	(104,237)
Non-cash items		
Amortization	165,007	138,585
Bad debts	115	10,127
Change in deferred revenue	32,327	381,459
Loss (gain) on disposal of tangible capital assets	150	(5,875)
Change in uncashed cheques in bank indebtedness	(21,104)	10,262
	845,771	430,321
Changes in working capital accounts		
Accounts receivable	375,144	(377,619)
Prepaid expenses	(4,529)	729
Accounts payable and accruals	(65,865)	78,087
	1,150,521	131,518
Financing activities		
Advances of debt	100,250	10,000
Repayment of long-term debt	(123,727)	(186,690)
Decrease in funds held in trust	16,209	68,800
(Repayments) drawings of bank indebtedness	(64,989)	66,790
	(72,257)	(41,100)
Capital activities		
Purchases of tangible capital assets	(810,976)	(92,802)
Proceeds of disposal of tangible capital assets	2,400	19,000
	(808,576)	(73,802)
Increase in cash resources	269,688	16,616
Cash resources, beginning of year	88,455	71,839
Cash resources, end of year	358,143	88,455
Cash resources are composed of:		
Cash	40,308	39,703
Project management cash	317,835	48,752
	358,143	88,455
Supplementary cash flow information		
Interest paid	19,752	28,291

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, 2018

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, 2018

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.

Non-government funding

Revenue is recognized as it becomes available under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

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.

Pheasant Rump Nakota First Nation #68
Notes to the Financial Statements
For the year ended March 31, 2018

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

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, 2018.

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)*

Adopted accounting policies

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.

The adoption of this new standard had no effect on the First Nation's 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 adoption of this new standard had no effect on the First Nation's 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 adoption of this new standard had no effect on the First Nation's financial statements.

Pheasant Rump Nakota First Nation #68

Notes to the Financial Statements

For the year ended March 31, 2018

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 adoption of this new standard had no effect on the First Nation's financial statements.

3. Cash

Restricted cash included in cash is comprised of amounts relating to CMHC replacement reserve of \$38,261 (2017 - \$35,451) and the CMHC operating reserve of \$772 (2017 - \$3,733).

Restricted cash also consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by ISC. At March 31, 2018 this amounted to \$317,835 (2017 - \$48,752).

4. Accounts receivable

	2018	2017
Indigenous Services Canada	2,250	396,688
Advances to members	136,063	135,779
Other accounts receivable	163,669	148,255
Oil and Gas leases	13,037	9,441
	315,019	690,163
Less: Allowance for doubtful accounts	138,972	138,857
	176,047	551,306

Advances to members relate to amounts owing from various members. Advances 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, 2018

5. Funds held in trust

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

	2018	2017
Capital Trust		
Balance, beginning and end of year	4,184	4,184
Revenue Trust		
Balance, beginning of year	86,378	167,459
Interest	1,821	3,017
Lease	24,603	25,381
	112,802	195,857
Less: Transfers to Nation	53,000	109,479
Balance, end of year	59,802	86,378
Suspense		
Balance, beginning of year	31,540	19,259
Interest	849	759
Lease	9,518	11,522
Balance, end of year	41,907	31,540
	105,893	122,102

6. Bank indebtedness

Bank indebtedness includes a line of credit amounting to \$85,000, of which \$15,914 (2017 - \$80,903) was withdrawn at March 31, 2018. The line of credit bears interest at prime plus 5%. Funding from Indigenous Services Canada is pledged as collateral. Bank indebtedness includes uncashed cheques for 2018 in the amount of \$76,565 (2017 - \$97,669).

The First Nation also has access to a \$200,000 revolving lease line of credit, of which none was withdrawn at March 31, 2018.

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
ISC - Flood Road Recovery	70,590	-	70,590	-
ISC - Water Treatment Plant	81,283	102,500	121,976	61,807
ISC - New School Feasibility Study	80,000	-	4,775	75,225
ISC - Area Gasification	237,138	-	194,357	42,781
Health Canada - Headstart Project	-	675,000	353,475	321,525
	493,975	777,500	745,173	526,302

Pheasant Rump Nakota First Nation #68
Notes to the Financial Statements
For the year ended March 31, 2018

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	2018	2017
I	7,555	6.64%	May 1/17	-	14,987
II	1,064	1.14%	June 1/21	97,555	109,138
				97,555	124,125
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.				266,149	355,779
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 ISC, matures December 2017				-	7,527
Indigenous Services Canada loan, interest free, principal payable on the earlier of March 31, 2022 or the date on which the underlying Specific Claim is settled, secured by a Promissory Note made by the First Nation.				100,250	-
				463,954	487,431
Less: current portion				107,041	124,852
				356,913	362,579

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

2019	107,041
2020	112,002
2021	81,555
2022	12,120
2023 and thereafter	151,236

Pheasant Rump Nakota First Nation #68
Notes to the Financial Statements
For the year ended March 31, 2018

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, 2018 the replacement and operating reserve funds are underfunded by \$73,640 (2017 - underfunded by \$81,109).

10. Contingencies

The First Nation has entered into an agreement with ISC 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." Funds of \$100,250 were disbursed during the 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, 2018

11. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2018 Net book value</i>
Buildings	957,029	148,193	-	612,824	492,398
Housing	2,307,124	-	-	2,118,016	189,108
Equipment	755,711	161,017	6,800	534,303	375,625
Infrastructure	44,786	114,640	-	19,529	139,897
Assets under construction	54,517	441,644	54,517	-	441,644
	4,119,167	865,494	61,317	3,284,672	1,638,672

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>
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
	4,062,365	92,803	36,000	3,123,914	995,254

During the year end March 31, 2018 amortization expense of \$165,007 (2017 - \$138,585) was recorded of which \$30,221 (2017 - \$29,481) related to Housing, \$86,987 (2017 - \$67,134) relates to Equipment, \$41,376 (2017 - \$38,413) relates to Buildings, and \$6,423 (2017 - \$3,557) relates to Infrastructure.

Assets under construction consist of the Headstart building. No amortization on this asset has been recorded during the year because it is currently under construction.

Fully amortized assets included in the above cost consist of equipment of \$274,583, land improvements of \$5,044, and housing of \$1,710,106.

12. Economic dependence

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

	<i>2018</i>	<i>2017</i>
Equity in Ottawa Trust Funds	105,893	122,101
Equity in Tangible capital assets	1,541,117	853,183
Equity in CHMC operating reserve	81,710	83,084
Equity in CMHC replacement reserve	30,191	33,477
Unrestricted deficit	(1,036,667)	(1,038,876)
	722,244	52,969

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, 2018

14. Reconciliation of funding from Indigenous Services Canada

	2018	2017
ISC funding per confirmation	1,591,689	1,659,406
Refunds (recoveries):		
Fisheries and Oceans	(4,240)	-
Transport Canada	(4,240)	-
Band employee benefits	-	(2,760)
Basic Needs	995	19,821
Assisted Living	(1,557)	(7,805)
Special Needs	(3,314)	(3,568)
Investment in Economic Opportunities	-	(5,000)
	(12,356)	688
Deferred revenue - beginning of year	469,012	62,363
Deferred revenue - end of year	(179,813)	(469,012)
	289,199	(406,649)
Funding total per financial statements	1,868,532	1,253,445

15. Reconciliation of funding from Health Canada

	2018	2017
Funding per Health Canada confirmation	1,083,140	394,043
Refunds (recoveries):		
Medical transportation	3,389	-
Health services/board/coordination	(1,340)	-
FASD	(2,667)	-
Communicable disease emergencies	(1,047)	-
Aboriginal diabetes initiative	(15,725)	-
Recoveries	(17,390)	-
Deferred Revenue - end of year	(321,525)	-
Funding total per financial statements	744,225	394,043

Pheasant Rump Nakota First Nation #68
Notes to the Financial Statements
For the year ended March 31, 2018

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.

17. Budget information

The disclosed budget information is retrieved from the First Nation's five year Management Action Plan approved by Council and submitted to ISC on May 8, 2017.

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 received grant funding relating to capacity development projects.

Pheasant Rump Nakota First Nation #68
Schedule 1 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

	2018 Budget (Note 17)	2018	2017
Consolidated expenses by object			
Salaries and benefits	596,328	672,016	675,070
Professional fees	72,907	470,967	256,255
Contracted services	75,495	197,098	226,685
Supplies	250,664	167,348	230,430
Amortization	136,655	165,007	138,585
Assistance	80,206	156,246	136,757
Travel	140,690	116,649	118,334
Program expense	34,379	107,169	32,504
Living allowance	76,450	106,476	112,214
Elders	28,650	105,809	68,297
Repairs and maintenance	128,497	97,183	170,386
Food and beverage	36,545	66,060	70,853
Meetings	2,225	63,152	30,882
Tuition	81,259	56,399	45,337
Transportation	69,710	60,160	73,070
Utilities	21,024	42,070	32,912
Health administration	36,458	38,763	35,324
Insurance	42,098	38,758	84,031
Professional development	30,756	37,997	42,949
Honouraria	4,550	32,272	2,174
Telephone	12,060	26,975	37,990
Interest on long-term debt	2,887	18,173	25,921
Student expenses	63,165	16,055	15,279
Bank charges and interest	21,673	11,771	11,761
Training	44,695	11,246	9,745
PCD Payments	-	10,000	4,000
Community donations	10,000	1,050	2,040
Bad debts	-	115	10,127
Administration (recovery)	29,654	(8,500)	-
	2,129,680	2,884,484	2,699,912

Pheasant Rump Nakota First Nation #68
Community Development
Schedule 2 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	211,330	701,802	267,619
Rental income	11,400	5,743	1,575
Other	1,500	2,547	1,799
	224,230	710,092	270,993
Expenses			
Professional fees	913	109,074	7,571
Amortization	75,014	107,490	80,520
Repairs and maintenance	92,953	70,357	108,646
Salaries and benefits	67,501	50,346	50,049
Contracted services	5,924	47,009	21,160
Utilities	14,360	32,081	25,095
Insurance	27,671	25,141	47,660
Administration	7,485	15,207	7,485
Professional development	608	12,062	2,996
Supplies	2,799	4,617	7,491
Meetings	-	2,521	78
Training	-	866	1,246
Travel	-	460	6,672
Bank charges and interest	-	73	72
	295,228	477,304	366,741
Surplus (deficit) before transfers	(70,998)	232,788	(95,748)
Transfers between programs	(7,089)	-	-
Surplus (deficit)	(78,087)	232,788	(95,748)

Pheasant Rump Nakota First Nation #68
Economic Development
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	165,800	194,570	278,550
Other	-	-	3,204
	165,800	194,570	281,754
Expenses			
Salaries and benefits	93,592	103,437	96,936
Contracted services	1,500	31,857	22,190
Meetings	-	20,141	15,775
Travel	18,470	17,188	7,263
Administration	11,580	15,080	11,280
Supplies	28,150	6,880	6,103
Honouraria	4,550	4,482	2,000
Professional development	2,578	3,015	5,069
Groceries, food and meal preparation	2,450	2,637	3,477
Telephone	1,430	1,851	859
Program expense	-	603	-
Professional fees	1,500	168	97,115
	165,800	207,339	268,067
(Deficit) surplus before transfers	-	(12,769)	13,687
Transfers between programs	-	-	5,000
(Deficit) surplus	-	(12,769)	18,687

Pheasant Rump Nakota First Nation #68
Education
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	282,536	333,739	321,362
Other	17,000	-	400
	299,536	333,739	321,762
Expenses			
Living allowance	76,450	96,402	88,966
Tuition costs	81,259	45,766	32,518
Salaries and benefits	17,259	45,732	62,383
Transportation	69,710	60,160	73,070
Administration	10,991	23,691	12,844
Contracted services	-	4,537	3,003
Student expenses	25,165	14,985	14,110
Supplies	6,111	12,990	23,597
Professional fees	1,200	9,930	2,383
Groceries, food and meal preparation	-	7,669	150
Meetings	-	2,114	1,229
Amortization	5,250	1,938	-
Professional development	-	940	575
Insurance	-	796	-
Telephone	-	759	-
Travel	-	631	318
Bank charges and interest	-	35	-
Program expense	9,123	-	2,998
	302,518	329,075	318,144
Surplus	(2,982)	4,664	3,618

Pheasant Rump Nakota First Nation #68
Government Support
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	213,194	476,489	219,688
CMHC	-	11,760	8,400
Other	11,500	62,793	32,409
Gain on disposal of tangible capital assets	-	-	5,875
	224,694	551,042	266,372
Expenses			
Professional fees	20,000	253,201	48,303
Salaries and benefits	173,479	203,103	163,826
Travel	-	35,412	59,544
Honouraria	-	27,790	-
Supplies	8,015	18,175	25,096
Telephone	9,630	20,366	37,132
Meetings	-	20,140	-
Bank charges and interest	6,102	11,367	11,507
Professional development	-	5,454	14,968
Contracted services	4,523	4,227	11,062
Repairs and maintenance	2,945	2,169	3,647
Elders	-	500	-
Groceries, food and meal preparation	-	324	1,306
Bad debts	-	115	10,127
Amortization	6,876	-	-
Administration (recovery)	-	(17,550)	-
	231,570	584,793	386,518
Deficit before transfers	(6,876)	(33,751)	(120,146)
Transfers between programs	-	53,000	109,479
Surplus (deficit)	(6,876)	19,249	(10,667)

Pheasant Rump Nakota First Nation #68
Social Development
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget (Note 17)</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	143,700	156,932	161,226
Other	-	579	-
	143,700	157,511	161,226
Expenses			
Assistance	80,206	131,265	123,739
Salaries and benefits	22,231	24,031	28,178
Groceries, food and meal preparation	24,469	22,381	20,802
Telephone	1,000	3,276	-
Administration	2,718	2,718	2,693
Travel	-	2,089	2,243
Professional development	1,466	719	-
Supplies	1,400	650	757
Professional fees	-	300	-
Meetings	-	71	-
Living Allowance	-	-	429
Contracted services	7,942	-	-
	141,432	187,500	178,841
Deficit	2,268	(29,989)	(17,615)

Pheasant Rump Nakota First Nation #68
Registration and Membership
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget (Note 17)</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	5,000	5,000	5,000
Expenses			
Salaries and benefits	3,900	3,684	4,200
Supplies	1,100	816	800
Administration	-	500	-
	5,000	5,000	5,000
Surplus	-	-	-

Pheasant Rump Nakota First Nation #68
Health
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget (Note 17)</i>	<i>2018</i>	<i>2017</i>
Revenue			
Health Canada	390,222	744,225	394,043
Other	-	994	834
	390,222	745,219	394,877
Expenses			
Salaries and benefits	125,853	131,700	105,597
Program expense	17,256	46,143	15,077
Professional fees	37,527	41,888	37,709
Administration	36,458	38,592	35,814
Contracted services	35,219	37,761	27,027
Supplies	19,989	33,468	33,834
Groceries, food and meal preparation	9,626	22,691	17,811
Travel	8,870	19,476	22,765
Professional development	22,320	15,452	13,527
Repairs and maintenance	16,020	12,899	13,035
Insurance	10,000	9,838	10,000
Training	44,695	8,735	8,499
Utilities	4,164	5,402	3,092
Meetings	2,225	5,252	2,336
Honouraria	-	-	174
	390,222	429,297	346,297
Surplus	-	315,922	48,580

Pheasant Rump Nakota First Nation #68
CMHC Housing
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget (Note 17)</i>	<i>2018</i>	<i>2017</i>
Revenue			
CMHC	18,339	14,672	55,171
Rental income	18,630	9,803	21,052
	36,969	24,475	76,223
Expenses			
Amortization	26,195	20,625	26,195
Professional fees	5,800	7,284	7,921
Insurance	4,104	3,270	24,754
Administration	2,080	2,485	8,720
Repairs and maintenance	4,200	1,926	6,179
Interest on long-term debt	2,887	1,084	5,837
Professional development	-	152	776
Bank charges and interest	-	87	122
Supplies	-	-	785
Salaries and benefits	-	-	9,366
Travel	-	-	272
Contracted services	-	-	2,156
	45,266	36,913	93,083
Deficit before transfers	(8,297)	(12,438)	(16,860)
Transfers between programs	7,089	-	-
Deficit	(1,208)	(12,438)	(16,860)

Pheasant Rump Nakota First Nation #68
Other Band Programs
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	2018 Budget (Note 17)	2018	2017
Revenue			
Painted Hand CDC	157,000	145,442	117,009
First Nations Trust	152,000	144,238	142,294
Other	3,000	119,868	53,839
Oil and Gas	107,400	117,160	103,513
FSIN	114,500	96,423	114,500
SIIT	74,000	87,634	90,139
Grants	-	41,095	94,928
Taxes	42,467	40,968	35,378
Rental income	4,800	36,763	36,824
Interest income	-	2,671	3,856
Yorkton Tribal Council Child and Family Services Inc.	-	-	25,190
Loss on disposal of tangibe capital assets	-	(150)	-
	655,167	832,112	817,470

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Pheasant Rump Nakota First Nation #68
Other Band Programs
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget (Note 17)</i>	<i>2018</i>	<i>2017</i>
Expenses			
Salaries and benefits	92,513	109,982	154,534
Elders	28,650	105,309	68,297
Supplies	183,100	89,752	131,967
Contracted services	20,387	71,706	140,087
Program expense	8,000	60,424	14,430
Professional fees	5,967	49,124	55,253
Travel	113,350	41,393	19,258
Health administration	36,458	38,763	35,324
Amortization	23,320	34,956	31,870
Assistance	-	24,982	13,018
Interest on long-term debt	-	17,089	20,084
Meetings	-	12,913	11,464
Tuition	-	10,634	12,819
Groceries, food and meal preparation	-	10,355	27,304
Living allowance	-	10,074	22,819
PCD Payments	-	10,000	4,000
Repairs and maintenance	7,843	9,832	38,879
Utilities	2,500	4,587	4,725
Training	-	1,645	-
Student expenses	38,000	1,070	1,169
Community donations	10,000	1,050	2,040
Telephone	-	722	-
Bank charges and interest	15,571	209	60
Professional development	3,784	202	5,039
Insurance (recovery)	323	(287)	1,617
Administration (recovery)	(41,658)	(89,223)	(78,836)
	548,108	627,263	737,221
Surplus before transfers	107,059	204,849	80,249
Transfers between programs	-	(53,000)	(114,479)
Surplus (deficit)	107,059	151,849	(34,230)