

Pheasant Rump Nakota First Nation #68
Consolidated Financial Statements
March 31, 2020

Pheasant Rump Nakota First Nation #68

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For the year ended March 31, 2020

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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 consolidated 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 First 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.

August 13, 2020

"Original Signed By Donna Ledoux"

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Pheasant Rump Nakota First Nation #68 (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net (debt) financial assets, cash flows, and related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and the results of its operations, changes in net (debt) financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As described in Note 20 of the consolidated financial statement, the First Nation illegally, under current Canadian legislation, operates a retail operation that involves the sale of cannabis and related products. Contingent liabilities may result from the First Nation not following the current legislation and the extent of these contingent liabilities, if any, are not determinable and thus not reported or disclosed within these consolidated financial statements. Our audit opinion has not been modified in respect to this non-compliance with authorities.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report Continued

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Regina, Saskatchewan

August 13, 2020

MNP LLP

Chartered Professional Accountants

Pheasant Rump Nakota First Nation #68

Consolidated Statement of Financial Position

As at March 31, 2020

	2020	2019
Financial assets		
Current		
Cash (Note 3)	822,275	366,402
Project management cash (Note 3)	119,421	173,190
Accounts receivable (Note 4)	371,443	1,042,678
Inventory for resale (Note 5)	210,771	-
	1,523,910	1,582,270
Funds held in trust (Note 6)	180,342	142,215
Restricted cash (Note 3)	111,094	50,585
Total financial assets	1,815,346	1,775,070
Liabilities		
Current		
Accounts payable and accruals (Note 15)	315,807	766,935
Deferred revenue (Note 8)	526,180	367,173
Current portion of long-term debt (Note 9)	404,702	258,637
	1,246,689	1,392,745
Long-term debt (Note 9)	585,343	247,296
Total liabilities	1,832,032	1,640,041
Net (debt) financial assets	(16,686)	135,029
Contingencies (Note 11)		
Economic dependence (Note 13)		
Subsequent event (Note 21)		
Compliance with authorities (Note 20)		
Non-financial assets		
Tangible capital assets (Note 12) (Schedule 1)	4,446,891	3,434,038
Prepaid expenses	9,668	7,991
Total non-financial assets	4,456,559	3,442,029
Accumulated surplus (Note 14)	4,439,873	3,577,058

Approved by:

"Original Signed By Ira McArthur" **Chief**

"Original Signed By Misty McArthur" **Councillor**

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, 2020

	<i>Schedules</i>	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada and First Nations and Inuit Health Branch (Note 15)		3,878,007	3,708,495	3,387,565
Canadian Mortgage and Housing Corporation		-	11,004	58,636
Retail sales		-	1,200,933	-
Grants		-	450,000	63,342
Enbridge Community Investment		-	379,500	1,483,690
Other		189,794	310,886	263,759
FSIN		114,500	220,772	179,556
Line 3 Premiums		-	217,844	1,108,157
First Nations Trust		152,000	142,454	137,060
Donations		-	126,094	-
Painted Hand CDC		157,000	105,747	95,880
SIIT		74,000	95,145	88,699
Oil and Gas		97,800	90,281	97,069
Yorkton Tribal Council		-	63,600	-
Rental income		-	52,941	60,859
Taxes		45,000	41,241	41,293
Interest income		-	21,421	2,682
Gain (loss) on disposal of tangibe capital assets		-	7,500	(2,529)
Provincial Disaster Assistance Program - deferred revenue		-	-	24,964
		4,708,101	7,245,858	7,090,682
Program expenses				
Community Development	3	264,292	605,775	520,499
Economic Development	4	195,800	1,650,728	242,112
Education	5	1,275,879	837,727	286,078
Government Support	6	1,297,331	1,167,687	928,793
Social Development	7	412,067	87,810	136,757
Registration and Membership	8	5,000	5,000	5,568
Health	9	564,684	537,905	630,917
CMHC Housing	10	-	61,154	32,739
Other Band Programs	11	693,048	1,429,257	1,452,410
Total expenditures (Schedule 2)		4,708,101	6,383,043	4,235,873
Annual surplus		-	862,815	2,854,809
Accumulated surplus, beginning of year		3,577,058	3,577,058	722,249
Accumulated surplus, end of year (Note 14)		3,577,058	4,439,873	3,577,058

The accompanying notes are an integral part of these financial statements

Pheasant Rump Nakota First Nation #68
Consolidated Statement of Change in Net (Debt) Financial Assets

For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Annual surplus	-	862,815	2,854,809
Purchases of tangible capital assets	-	(1,309,680)	(2,011,230)
Amortization of tangible capital assets	-	296,828	213,334
(Gain) loss on disposal of tangible capital assets	-	(7,500)	2,529
Acquisition of prepaid expenses	-	(1,678)	(2,689)
Proceeds of disposal of tangible capital assets	-	7,500	-
	-	(1,014,530)	(1,798,056)
(Increase) decrease in net debt	-	(151,715)	1,056,753
Net financial assets (debt), beginning of year	135,029	135,029	(921,724)
Net (debt) financial assets, end of year	135,029	(16,686)	135,029

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, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	862,815	2,854,809
Non-cash items		
Amortization	296,828	213,334
Bad debts	23,887	9,985
(Gain) loss on disposal of tangible capital assets	(7,500)	2,529
	1,176,030	3,080,657
Changes in working capital accounts		
Accounts receivable	647,348	(876,616)
Prepaid expenses	(1,677)	(2,689)
Accounts payable and accruals	(451,130)	287,863
Inventory	(210,771)	-
Deferred revenue	159,007	(159,129)
	1,318,807	2,330,086
Financing activities		
Advances of long-term debt	594,283	146,635
Repayment of long-term debt	(110,171)	(104,656)
Increase in funds held in trust	(38,126)	(36,322)
Repayments of bank indebtedness	-	(92,479)
Increase in restricted cash	(60,509)	(50,585)
	385,477	(137,407)
Capital activities		
Purchases of tangible capital assets	(1,309,680)	(2,011,230)
Proceeds of disposal of tangible capital assets	7,500	-
	(1,302,180)	(2,011,230)
Increase in cash resources	402,104	181,449
Cash resources, beginning of year	539,592	358,143
Cash resources, end of year	941,696	539,592
Cash resources are composed of:		
Cash	822,275	366,402
Project management cash	119,421	173,190
	941,696	539,592

The accompanying notes are an integral part of these financial statements

Pheasant Rump Nakota First Nation #68

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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 First 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 twelve member First Nations, whose purpose is to provide child and family services to the twelve 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.

Pheasant Rump Nakota First Nation #68

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

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.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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
Equipment	4-5 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 First 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 surplus for the year.

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

Provision for site rehabilitation

The Saskatchewan Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. A liability is recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future revenue generation, are expensed in the current year. The First Nation does not have a landfill as at March 31, 2020.

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) financial assets

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

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, including taxes 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. Legal contingencies are based on estimates provided by the First Nation's legal counsel when the settlement is probable and the amount can be reasonably measured. Inventory is stated after evaluation of slow moving and damaged inventory, and carried at the lower of cost and net realizable value as estimated by management.

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

Pheasant Rump Nakota First Nation #68
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

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, Enbridge Community Investment, and Line 3 Premiums are earned from services provided by the First Nation and are recognized when the service has been provided.

The First Nation received 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.

Retail sales are recognized at point of sale.

Donations and grants are recognized once approved and collectability is reasonably assured.

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.

Pheasant Rump Nakota First Nation #68

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

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, 2020.

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.

3. Cash resources

Included in cash is restricted cash comprised of amounts relating to CMHC replacement reserve of \$100,349 (2019 - \$50,585) and the CMHC operating reserve of \$10,745 (2019 - \$nil).

Restricted cash also consists of cash managed by capital project managers who are responsible for payment of expenses relating to capital projects funded by Indigenous Services Canada ("ISC"). At March 31, 2020 this amounted to \$119,421 (2019 - \$173,190).

4. Accounts receivable

	2020	2019
Indigenous Services Canada	8,026	2,250
Advances to members	146,670	141,229
Other accounts receivable	341,816	1,048,156
	496,512	1,191,635
Less: Allowance for doubtful accounts	125,069	148,957
	371,443	1,042,678

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

5. Inventory for resale

	2020	2019
Gasoline	30,482	-
Tobacco	23,608	-
Confectionary	12,999	-
Diesel	5,391	-
Cannabis and related products	138,291	-
	210,771	-

Pheasant Rump Nakota First Nation #68
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

6. 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.

	2020	2019
Capital Trust		
Balance, beginning and end of year	4,184	4,184
Revenue Trust		
Balance, beginning of year	87,536	59,802
Interest	1,573	1,589
Lease	26,122	26,145
	115,231	87,536
Suspense		
Balance, beginning of year	50,495	41,907
Interest	914	1,070
Lease	9,518	7,518
Balance, end of year	60,927	50,495
	180,342	142,215

7. Credit facilities

Bank indebtedness includes a line of credit amounting to \$85,000, of which \$nil (2019 - \$nil) was withdrawn at March 31, 2020. The line of credit bears interest at prime plus 5%. Funding from Indigenous Services Canada is pledged as collateral.

The First Nation also has access to a \$200,000 revolving lease line of credit, of which none was withdrawn at March 31, 2020.

Pheasant Rump Nakota First Nation #68
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

8. 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>
ISC - Water Treatment Plant	49,838	-	5,727	44,111
ISC - New School Feasibility Study	73,360	-	-	73,360
FNIHB - Headstart Project	29,422	-	29,422	-
ISC - Basic Needs	10,993	-	10,993	-
ISC - P&ID Community Involvement Navigator	21,165	-	21,165	-
ISC - P&ID Planning Support Initiative	15,121	-	15,121	-
ISC - Emergency Mgmt Preparedness	11,550	38,720	1,133	49,137
ISC - P&ID Navigator Workshops	11,730	-	-	11,730
ISC - P&ID Mentorship	15,572	-	15,572	-
ISC - Construction Houses	114,865	-	97,214	17,651
FNIHB - C.O.H.I	3,353	-	3,353	-
FNIHB - Home & Community Care - Service Delivery	10,204	-	10,204	-
ISC - Immediate Needs	-	250,000	250	249,750
ISC - Special Needs (COVID-19)	-	5,776	2,018	3,758
FNIHB - Climate Change	-	35,000	17,415	17,585
ISC - Leadership Management	-	75,000	35,000	40,000
ISC - Financial Management	-	25,000	5,902	19,098
	367,173	429,496	270,489	526,180

Pheasant Rump Nakota First Nation #68

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

9. Long-term debt

	2020	2019
Canada Mortgage and Housing Corporation term loan, interest at 1.14%, principal and interest payments of \$1,064 monthly, secured by government guarantees, renewal date is March 1, 2026. Loan relates to the construction of on-reserve housing, and Canada Mortgage and Housing Corporation assists with the payments of principle and interest.	73,993	85,840
Royal Bank of Canada term loan, interest at prime plus 1.33%, principal and interest is to be repaid by April 2, 2020.	193,824	146,635
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.	74,884	173,208
CMHC Phase 3 term loan - construction is still in progress. Terms to be determined at the interest adjustment date.	210,532	-
CMHC Phase 4 term loan - construction is still in progress. Terms to be determined at the interest adjustment date.	212,550	-
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	100,250
Royal Bank of Canada term loan, interest at prime plus 1.41%, principal and interest to be repaid by April 2, 2020.	124,012	-
	990,045	505,933
Less: current portion	404,702	258,637
	585,343	247,296

Principal repayments on long-term debt in each of the next five years are estimated as follows (excludes CMHC term loans for Phase 3 and Phase 4 as the terms have not been set as at March 31, 2020):

2021	404,702
2022	112,370
2023	12,259
2024	12,400
2025 and thereafter	448,314

Pheasant Rump Nakota First Nation #68

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

10. CMHC Reserve

Operating reserve

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

Replacement reserve

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

At March 31, 2020 the replacement reserve is over funded by \$36,109 and operating reserve is under funded by \$15,418 (2019 - replacement reserve and operating reserve are under funded \$64,554 in total).

11. Contingencies

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.

The First Nation is involved in a TLE claim with the federal government with respect to disputed lands. It is probable the claim could result in a significant cash inflow to the Nation. The amount of the probable settlement is unknown as at March 31, 2020.

12. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Assets under construction consist of the Distribution building with a cost of \$283,553. No amortization on this asset has been recorded during the year as it is currently under construction. The construction of the retail buildings and Aboriginal Headstart building was completed in the current year, and they are now capitalized within Buildings (Schedule 1).

Fully amortized assets included in Schedule 1 consist of equipment of \$415,915 (2019 - \$389,884), improvements of \$8,756, (2019 - \$5,044), and housing of \$2,112,470 (2019 - \$1,710,106).

13. Economic dependence

Pheasant Rump Nakota First Nation #68 receives substantially all of its revenues from 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 First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Pheasant Rump Nakota First Nation #68
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Equity in Ottawa Trust Funds	180,342	142,215
Equity in Tangible capital assets	3,631,982	3,201,563
Equity in CMHC replacement reserve	64,240	87,310
Equity in CMHC operating reserve	26,163	27,819
Unrestricted surplus	537,146	118,151
	4,439,873	3,577,058

The First Nation does not maintain a moveable asset reserve.

15. Reconciliation of funding from Indigenous Services Canada

	2020	2019
ISC funding per confirmation	3,882,296	3,285,745
Less recoveries:		
Band employee benefits	-	(1,770)
LEDSP Project Designation	-	(14,826)
CORP Project - Strategic Plan	-	(5,146)
Service Delivery	(332)	-
Assisted Living	(344)	-
	(676)	(21,742)
Deferred revenue - beginning of year	377,778	501,340
Deferred revenue - end of year	(550,903)	(377,778)
	(173,125)	123,562
Funding total per financial statements	3,708,495	3,387,565

Included in deferred revenue, end of year, are accounts payable and accruals of \$19,723 and \$5,000 for funding relating to NIHB - Administration and Coordination and Immunization, respectively.

Pheasant Rump Nakota First Nation #68
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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 ISC 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 was approved by Council on March 18, 2019.

18. Comparative figures

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

19. Significant event

During the year, there was a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak will have a minimal affect on the First Nation.

20. Compliance with authorities

During the year, the First Nation opened a retail operation that involves the sale of cannabis and related products. Under the terms of the Cannabis Act, the First Nation is required to obtain a licence from the Province of Saskatchewan to engage in such a retail operation. As at March 31, 2020, the Nation was not in compliance with the Cannabis Act and is therefore operating illegally. However, it is unclear that the Cannabis Act specifically addresses the issue of licensing on-reserve retail dispensaries. Unless existing legislation is amended, new legislation is passed, or the Supreme Court of Canada issues a decision on the matter, contingent liabilities may result from the First Nation not following the Cannabis Act. The extent of these contingent liabilities, if any, are not determinable as at March 31, 2020.

Pheasant Rump Nakota First Nation #68
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

21. Subsequent event

After the reporting period, the First Nation was approved for a loan of \$357,857 for the purpose of constructing two housing units under the CMHC Section 95 program.

Pheasant Rump Nakota First Nation #68
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2020

	<i>Buildings</i>	<i>Housing</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Assets under construction</i>	<i>2020</i>	<i>2019</i>
Cost							
Balance, beginning of year	1,105,222	3,335,498	1,360,703	242,318	870,601	6,914,342	4,923,344
Acquisition of tangible capital assets	377,334	447,179	201,614	-	283,553	1,309,680	2,011,230
Transfers	870,601	-	-	-	(870,601)	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	(20,232)
Balance, end of year	2,353,157	3,782,677	1,562,317	242,318	283,553	8,224,022	6,914,342
Accumulated amortization							
Balance, beginning of year	657,164	2,163,416	627,769	31,954	-	3,480,303	3,284,672
Annual amortization	69,299	60,581	154,897	12,051	-	296,828	213,334
Accumulated amortization on disposals	-	-	-	-	-	-	(17,703)
Balance, end of year	726,463	2,223,997	782,666	44,005	-	3,777,131	3,480,303
Net book value of tangible capital assets	1,626,694	1,558,680	779,651	198,313	283,553	4,446,891	3,434,039
2019 Net book value of tangible capital assets	448,058	1,172,082	732,934	210,364	870,601	3,434,039	

Pheasant Rump Nakota First Nation #68
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Consolidated expenses by object			
Salaries and benefits	1,286,391	1,450,000	803,627
Retail purchases (net of rebates)	-	764,501	-
Professional fees	431,458	562,200	540,580
Supplies	416,511	419,297	256,728
Program expense	221,891	429,427	403,184
Meetings	431,480	389,239	126,217
Tuition	491,377	367,357	55,949
Repairs and maintenance	344,924	331,955	236,309
Amortization	-	296,828	213,334
Assistance	133,313	214,068	109,477
Travel	100,603	197,131	153,730
Contracted services	148,357	188,912	377,243
Professional development	55,592	183,843	193,816
Elders	59,653	123,553	287,638
Utilities	58,534	98,391	52,684
Living Allowance	86,160	87,175	123,240
Insurance	45,494	78,875	52,511
Honouraria	51,550	55,094	50,755
Telephone	39,160	60,172	25,104
Training	46,294	37,614	43,352
Groceries, food and meal preparation	23,469	29,083	28,231
Bank charges and interest	10,000	15,337	9,371
Student expenses	65,109	10,164	12,260
Interest on long-term debt	6,149	8,897	14,413
PCD Payments	-	7,000	10,000
Transportation	-	817	7,019
Community donations	58,780	-	547
Health administration	-	-	38,569
Administration	95,852	-	-
Bad debts (recovery)	-	(23,887)	9,985
	4,708,101	6,383,043	4,235,873

Pheasant Rump Nakota First Nation #68
Community Development
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
Revenue			
Indigenous Services Canada	210,022	316,802	1,006,078
Other	54,270	13,699	5,768
Rental income	-	10,679	5,842
	264,292	341,180	1,017,688
Expenses			
Repairs and maintenance	43,661	166,670	119,523
Amortization	-	153,991	140,005
Salaries and benefits	108,060	65,680	49,795
Professional fees	-	64,397	33,264
Insurance	33,571	51,289	35,229
Utilities	37,200	40,488	34,640
Contracted services	33,300	25,128	52,191
Professional development	2,500	18,994	1,973
Meetings	-	8,983	5,421
Supplies	6,000	7,552	3,931
Travel	-	1,499	687
Training	-	881	643
Honouraria	-	150	-
Bank charges and interest	-	73	72
Administration	-	-	43,125
	264,292	605,775	520,499
(Deficit) surplus before transfers	-	(264,595)	497,189
Transfers between programs	-	26,270	-
(Deficit) surplus	-	(238,325)	497,189

Pheasant Rump Nakota First Nation #68
Economic Development
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
Indigenous Services Canada	195,800	195,800	228,334
Retail sales	-	1,200,933	-
Contributions	-	762,083	-
Other	-	7,029	3,407
	195,800	2,165,845	231,741
Expenses			
Retail purchases (net of rebates)	-	764,501	-
Salaries and benefits	96,371	502,177	93,492
Supplies	4,010	87,642	5,474
Repairs and maintenance	-	39,212	-
Travel	19,577	37,787	25,033
Contracted services	27,375	31,012	35,102
Assistance	-	30,500	-
Amortization	-	24,878	-
Professional fees	1,500	23,200	27,999
Meetings	17,820	22,886	19,312
Utilities	-	18,599	-
Administration	18,435	18,435	20,080
Telephone	1,680	17,451	1,600
Professional development	2,332	11,521	6,712
Program expense	400	5,500	-
Insurance	-	5,173	-
Honouraria	4,300	4,097	7,855
Elders	-	3,150	-
Bank charges and interest	-	3,007	-
Food and beverage	2,000	-	1,175
Training (recovery)	-	-	(1,722)
	195,800	1,650,728	242,112
Surplus (deficit)	-	515,117	(10,371)

Pheasant Rump Nakota First Nation #68

Education

Schedule 5 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
Indigenous Services Canada	1,275,879	1,275,879	313,459
Other	-	871	-
	1,275,879	1,276,750	313,459
Expenses			
Tuition costs	491,377	356,827	32,236
Salaries and benefits	275,870	184,283	58,041
Living allowance	86,160	76,943	92,250
Administration	49,784	49,784	11,655
Supplies	115,276	37,603	7,307
Amortization	-	30,125	15,063
Contracted services	22,760	18,261	12,473
Program expense	132,250	15,601	7,030
Meetings	11,762	9,998	2,562
Professional development	13,297	9,858	1,319
Student expenses	26,609	9,839	10,440
Utilities	14,334	8,721	2,927
Insurance	1,600	8,299	4,640
Honouraria	1,000	6,750	-
Telephone	400	4,145	1,715
Professional fees	7,400	3,150	2,470
Training	2,000	2,622	-
Repairs and maintenance	22,000	2,104	17,314
Travel	2,000	1,151	702
Food and beverage (recovery)	-	846	(1,120)
Transportation	-	817	7,019
Bank charges and interest	-	-	35
	1,275,879	837,727	286,078
Surplus before transfers	-	439,023	27,381
Transfers between programs	-	(105,000)	-
Surplus	-	334,023	27,381

Pheasant Rump Nakota First Nation #68
Government Support
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	<i>2020 Budget (Note 17)</i>	<i>2020</i>	<i>2019</i>
Revenue			
Indigenous Services Canada	1,214,555	1,174,017	716,118
Other	82,776	70,932	64,661
Yorkton Tribal Council	-	38,500	-
Interest income	-	18,345	-
	1,297,331	1,301,794	780,779
Expenses			
Salaries and benefits	468,465	388,624	310,980
Professional fees	316,466	354,454	313,127
Meetings	379,150	317,715	81,714
Assistance	17,799	76,738	-
Supplies	55,050	52,871	58,634
Honouraria	46,250	43,897	41,850
Travel	28,765	42,558	62,990
Professional development	15,500	35,955	25,601
Telephone	22,240	29,282	16,078
Bank charges and interest	10,000	11,811	8,987
Amortization	-	4,157	-
Contracted services	-	1,654	12,715
Groceries, food and meal preparation	-	1,323	2,573
Repairs and maintenance	3,840	640	5,131
Elders	-	300	-
Training	-	-	10,000
Program expense	7,000	-	-
Bad debts (recovery)	-	(23,887)	9,985
Administration (recovery)	(73,194)	(170,405)	(31,572)
	1,297,331	1,167,687	928,793
Surplus (deficit) before transfers	-	134,107	(148,014)
Transfers between programs	-	-	69,952
Surplus (deficit)	-	134,107	(78,062)

Pheasant Rump Nakota First Nation #68
Social Development
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
Indigenous Services Canada	412,067	168,988	138,458
Expenses			
Assistance	115,514	60,770	86,137
Salaries and benefits	32,369	18,145	23,510
Telephone	2,760	3,747	2,856
Professional development	4,066	2,561	3,837
Utilities	-	1,435	-
Supplies	900	697	15,173
Repairs and maintenance	250,000	250	-
Professional fees	6,218	183	1,815
Meetings	-	22	-
Training	-	-	220
Travel	240	-	50
Administration	-	-	1,993
Groceries, food and meal preparation	-	-	1,166
	412,067	87,810	136,757
Surplus	-	81,178	1,701

Pheasant Rump Nakota First Nation #68
Registration and Membership
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
Indigenous Services Canada	5,000	5,000	5,000
Other	-	-	500
	5,000	5,000	5,500
Expenses			
Salaries and benefits	4,160	4,210	3,128
Supplies	500	580	321
Travel	-	210	-
Groceries, food and meal preparation	-	-	865
Meetings	340	-	652
Professional development	-	-	602
	5,000	5,000	5,568
Surplus (deficit)	-	-	(68)

Pheasant Rump Nakota First Nation #68
Health

Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
Indigenous Services Canada	564,684	572,010	980,116
Rental income	-	-	50
Other	-	-	5,447
	564,684	572,010	985,613
Expenses			
Salaries and benefits	143,446	136,214	110,965
Supplies	72,196	85,548	55,293
Program expense	49,741	64,894	98,848
Professional fees	97,074	55,342	72,740
Administration	50,132	50,132	56,153
Meetings	22,408	23,342	9,273
Training	26,794	22,625	30,610
Travel	14,801	22,597	23,257
Professional development	10,978	18,049	11,646
Amortization	-	15,632	-
Groceries, food and meal preparation	11,469	14,401	18,305
Repairs and maintenance	10,023	11,087	10,259
Insurance	10,000	10,000	10,000
Contracted services	40,222	3,093	114,981
Telephone	2,400	1,700	-
Elders	-	1,692	-
Utilities	3,000	1,357	7,787
Honouraria	-	200	800
	564,684	537,905	630,917
Surplus	-	34,105	354,696

Pheasant Rump Nakota First Nation #68
CMHC Housing
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
CMHC	-	11,004	58,636
Rental income	-	6,623	5,878
Interest income	-	590	-
	-	18,217	64,514
Expenses			
Repairs and maintenance	-	29,260	-
Amortization	-	20,121	20,118
Professional fees	-	6,300	6,930
Insurance	-	2,556	2,642
Administration	-	1,359	140
Interest on long-term debt	-	917	1,049
Meetings	-	513	1,074
Bank charges and interest	-	128	72
Professional development	-	-	714
	-	61,154	32,739
(Deficit) surplus	-	(42,937)	31,775

Pheasant Rump Nakota First Nation #68
Other Band Programs
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 17)	2020	2019
Revenue			
Grants	-	450,000	63,342
Enbridge Community Investment	-	379,500	1,483,690
FSIN	114,500	220,772	179,556
Other	52,748	218,355	183,977
Line 3 Premiums	-	217,844	1,108,157
First Nations Trust	152,000	142,454	137,060
Donation Revenue	-	126,094	-
Painted Hand CDC	157,000	105,747	95,880
SIIT	74,000	95,145	88,699
Oil and Gas	97,800	90,281	97,069
Taxes	45,000	41,241	41,293
Rental income	-	35,640	49,090
Yorkton Tribal Council Revenue	-	25,100	-
Loss on disposal of tangible capital assets	-	7,500	(2,529)
Interest income	-	2,487	2,682
Provincial Disaster Assistance Program	-	-	24,964
Contributions (expense)	-	(762,083)	-
	693,048	1,396,077	3,552,930

Continued on next page

Pheasant Rump Nakota First Nation #68
Other Band Programs
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 16)	2020	2019
Expenses			
Program expense	32,500	343,432	297,306
Salaries and benefits	157,650	150,668	153,716
Supplies	162,579	146,804	110,595
Elders	59,653	118,405	287,638
Contracted services	24,700	109,765	149,782
Travel	35,220	91,329	41,010
Professional development	6,919	86,906	141,410
Repairs and maintenance	15,400	82,734	84,083
Professional fees	2,800	55,174	82,237
Administration (recovery)	50,695	50,695	(101,574)
Amortization	-	47,924	38,148
Assistance	-	46,060	23,340
Utilities	4,000	27,791	7,330
Groceries, food and meal preparation	10,000	12,513	5,268
Training	17,500	11,486	3,600
Tuition	-	10,530	23,713
Living allowance	-	10,233	30,990
Interest on long-term debt	6,149	7,980	13,364
PCD Payments	-	7,000	10,000
Meetings	-	5,780	6,208
Telephone	9,680	3,846	2,856
Insurance (recovery)	323	1,559	-
Student expenses	38,500	325	1,820
Bank charges and interest	-	318	204
Honouraria	-	-	250
Health administration	-	-	38,569
Community donations	58,780	-	547
	693,048	1,429,257	1,452,410
(Deficit) surplus before transfers	-	(33,180)	2,100,520
Transfers between programs	-	(26,270)	(69,952)
Surplus (deficit)	-	(59,450)	2,030,568