Paskwa Pit Stop
Financial Statements
March 31, 2017

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For the year ended March 31, 2017

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Management's Responsibility

To the Members of Pasqua First Nation:

The accompanying financial statements of Paskwa Pit Stop are the responsibility of management and have been approved by the Chief and Council.

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

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

The First Nation's 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 Enterprise'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 Council and management to discuss their audit findings.

October 27, 2017

"Original signed by management"

General Manager

Independent Auditors' Report

MNP LLP

To the Members of Pasqua First Nation:

We have audited the accompanying financial statements of Paskwa Pit Stop, which comprise the statement of financial position as at March 31, 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Paskwa Pit Stop as at March 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter
The financial statements of Paskwa Pit Stop for the year ended March 31, 2016 were audited by another auditor who expressed an unqualified opinion in their report which was dated August 9, 2016.

Regina, Saskatchewan

October 27, 2017

MNP LLP

Chartered Professional Accountants

Paskwa Pit Stop
Statement of Financial Position
As at March 31, 2017

	2017	*2016*
Assets		
Current		
Cash and cash equivalents	**141,588**	154,054
Accounts receivable *(Note 4)*	**41,531**	28,613
Goods and services tax receivable	**3,389**	3,153
Inventory *(Note 5)*	**70,854**	93,197
Prepaid expenses	**6,241**	5,093
	263,603	284,110
Non-current		
Property and equipment *(Note 6)*	**157,086**	180,310
Total assets	**420,691**	464,420
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**17,767**	90,988
Current portion of long-term debt *(Note 8)*	**15,103**	21,564
	32,870	112,552
Non-current		
Long-term debt *(Note 8)*	**-**	15,230
	32,870	127,782
Members' equity	**387,821**	336,638
	420,691	464,420

Approved on behalf of Chief and Council

"Original signed by Chief and Council"

Paskwa Pit Stop
Statement of Comprehensive Income
For the year ended March 31, 2017

	2017	2016
Sales	**1,708,585**	1,820,584
Cost of sales	**1,306,816**	1,383,644
Gross profit	**401,769**	436,940
Gross profit as a percentage of sales	***23.5 %***	*24.0 %*
Expenses		
Salaries, wages and benefits	**220,866**	206,139
Amortization	**23,223**	27,147
Repairs and maintenance	**19,276**	11,983
Utilities	**15,694**	16,259
Telephone, fax and internet	**13,167**	12,306
Travel	**10,528**	11,025
Office	**10,235**	8,449
Insurance	**10,217**	10,468
Interest and bank charges	**8,296**	8,884
Professional fees	**7,842**	8,295
Advertising and promotion	**6,305**	970
Donations	**4,660**	4,991
Interest on long-term debt	**1,502**	2,762
Professional development	**630**	400
Security	**398**	483
Miscellaneous	**11**	(12)
Bad debt recovery	**(2,264)**	-
	350,586	330,549
Operating profit	**51,183**	106,391
Other expense		
Contribution to Pasqua First Nation	**-**	(60,000)
Comprehensive income	**51,183**	46,391

The accompanying notes are an integral part of these financial statements

Paskwa Pit Stop

Statement of Members' Equity

For year ended March 31, 2017

	2017	*2016*
Equity, beginning of year	**336,638**	290,247
Comprehensive income	**51,183**	46,391
Equity, end of year	**387,821**	336,638

Paskwa Pit Stop
Statement of Cash Flows
For the year ended March 31, 2017

	2017	*2016*
Cash used for the following activities		
Operating activities		
Comprehensive income	**51,183**	46,391
Amortization	**23,223**	27,147
	74,406	73,538
Changes in working capital accounts		
Accounts receivable	**(13,154)**	(13,794)
Inventory	**22,343**	(29,059)
Prepaid expenses	**(1,148)**	129
Accounts payable and accrued liabilities	**(73,222)**	(15,675)
	9,225	15,139
Financing activities		
Repayment of long-term debt	**(21,691)**	(20,430)
Investing activities		
Purchases of property and equipment	**-**	(5,580)
Decrease in cash resources	**(12,466)**	(10,871)
Cash resources, beginning of year	**154,054**	164,925
Cash resources, end of year	**141,588**	154,054

1. Reporting entity

Paskwa Pit Stop (the “Enterprise”) is an unincorporated business enterprise, wholly owned by the Pasqua First Nation. The Enterprise sells fuel, tobacco and other convenience items.

The address of the Enterprise’s registered office is Box 123, Pasqua, Saskatchewan, S0G 5M0.

The financial statements were approved by Chief and Council of Pasqua First Nation and authorized for issue October 27, 2017.

These financial statements are presented in Canadian dollars, which is the Enterprise’s functional currency.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

3. Significant accounting policies

The principle accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of measurement

These financial statements were prepared on the historical cost basis, except for certain financial instruments.

Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

Inventories

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. Inventory consists of merchandise for resale.

Property and equipment

Property and equipment are initially recorded at cost. Depreciation is provided using the following methods and rates intended to depreciate the cost of assets over their estimated useful lives.

	Rate
Buildings	25 years
Parking lot	5 years
Computer equipment	3 years
Fuel tanks	10 years
Store equipment and furnishings	5 years
Software	2 years
Fibre cable	8 years

The residual value, useful life and depreciation method applied to each class of assets are reassessed at each reporting date.

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

Impairment of non-financial assets

At the end of each reporting period, the Enterprise reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Enterprise estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Revenue recognition

Revenue comprises all sales of goods and rendering of services at the fair value of consideration received excluding sales taxes. Revenue is recognized when it can be reliably measured and the significant risks and rewards are transferred to the customer.

Revenue from the sale of merchandise and services, including fuel, tobacco, food, and miscellaneous small consumer items, is recognized at the point of sale. Revenue from advertising and sponsorships is recognized of the period to which it relates. Revenue from investments is recognized when earned.

Financial instruments

Financial assets at fair value through profit or loss:

The Enterprise has classified its cash and cash equivalents as financial assets at fair value through profit. The Enterprise's financial assets at fair value through profit are initially recognized at their fair value. Fair value is determined by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Financial assets at fair value through profit are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income. Transaction costs are expensed as incurred.

Loans and receivables:

The Enterprise has classified its accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is determined by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date. Total interest income, calculated using the effective interest rate method, is recognized in profit.

Loans and receivables are subsequently measured at their amortized cost. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, plus or minus any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in total comprehensive income upon derecognition or impairment.

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

Financial liabilities measured at amortized cost:

The Enterprise has classified the following financial liabilities as financial liabilities measured at amortized cost: accounts payable and accrued liabilities and long-term debt. These liabilities are initially recognized at their fair value. Fair value is determined by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date. Total interest expense, calculated using the effective interest rate method, is recognized in profit.

They are measured at their amortized cost subsequent to initial recognition. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and plus or minus any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in total comprehensive income upon derecognition or impairment.

Financial asset impairment

The Enterprise assesses impairment of all its financial assets, except those classified at fair value through profit. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year profit.

The Enterprise reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was recognized.

Fair value measurements

The Enterprise classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Enterprise to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

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

Significant accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair value of financial instruments
The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Collectability of accounts receivable
Receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Property and equipment
All of the Enterprise's property and equipment have finite useful lives. Consequently, the depreciable amount of these assets is allocated on a systematic basis over their useful lives. Judgment is therefore required on:

- The determination of the useful lives, as this is based on the management's estimates regarding the period over which the assets are expected to produce; and
- The determination of the amortization method.

Both the amortization period and method have an impact on the amortization expense that is recorded in each period.

Standards issued but not yet effective

The Enterprise has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at March 31, 2017 but are not yet effective. Unless otherwise stated, the Enterprise does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 9 Financial instruments

The final version of IFRS 9 (2014) was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 *Financial instruments: recognition and measurement*. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018. The Enterprise has not yet determined the impact of the standard on its financial statements.

IFRS 15 Revenue from contracts with customers

IFRS 15, issued in May 2014, specifies how and when entities recognize, measure, and disclose revenue. The standard supersedes all current standards dealing with revenue recognition, including IAS 11 *Construction contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer loyalty programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 18 *Transfers of assets from customers,* and SIC 31 *Revenue – barter transactions involving advertising services*.

Amendments to IFRS 15, issued in April 2016, clarify some requirements and provide additional transition relief for when an entity first applies IFRS 15.

IFRS 15, and the amendments, are effective for annual periods beginning on or after January 1, 2018. The Enterprise has not yet determined the impact of this standard on its financial statements.

4. Accounts receivable

	2017	2016
Sask Finance Rebates	**9,706**	15,711
Trade receivables	**35,825**	17,916
Advances	**-**	1,250
Allowance for doubtful accounts	**(4,000)**	(6,264)
	41,531	28,613

In determining the recoverability of a trade or other receivable, the Enterprise performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties.

Included in the above trade and other receivables are balances 60 days overdue in the amount of $20,036. The remaining balances are under 60 days.

The allowance for doubtful accounts includes a receivable from one customer for amounts outstanding for greater than 90 days. All other amounts outstanding past 60 days are deemed to be collectible based on nature of the customer and their credit history.

5. Inventory

	2017	2016
Fuel	**29,401**	51,182
Cigarettes and tobacco	**25,523**	21,983
Other	**15,930**	20,032
	70,854	93,197

The cost of inventories recognized as an expense and included in cost of sales amounted to $1,723,143 (2016 – $1,857,871).

6. Property and equipment

	Buildings	*Computer equipment*	*Computer software*	*Fibre cable*	*Store equipment and furnishings*	*Fuel tanks*	*Parking lot*	*Total*
Cost								
Balance at April 1, 2015	**166,442**	**44,701**	**9,628**	**16,070**	**60,222**	**232,799**	**49,482**	**579,344**
Additions	**-**	**-**	**-**	**-**	**5,980**	**-**	**-**	**5,980**
Balance at March 31, 2016	**166,442**	**44,701**	**9,628**	**16,070**	**66,202**	**232,799**	**49,482**	**585,324**
Disposals	**-**	**(1,349)**	**-**	**-**	**-**	**-**	**-**	**(1,349)**
Balance at March 31, 2017	**166,442**	**43,352**	**9,628**	**16,070**	**66,202**	**232,799**	**49,482**	**583,975**
Accumulated Amortization								
Balance at April 1, 2015	**82,233**	**44,701**	**9,628**	**2,009**	**60,220**	**131,752**	**47,321**	**377,864**
Amortization charge for the year	**6,478**	**-**	**-**	**2,009**	**1,516**	**14,986**	**2,161**	**27,150**
Balance at March 31, 2016	**88,711**	**44,701**	**9,628**	**4,018**	**61,736**	**146,738**	**49,482**	**405,014**
Amortization charge for the year	**3,110**	**-**	**-**	**2,008**	**893**	**17,212**	**-**	**23,223**
Disposals	**-**	**(1,349)**	**-**	**-**	**-**	**-**	**-**	**(1,349)**
Balance at March 31, 2017	**91,821**	**43,352**	**9,628**	**6,026**	**62,630**	**163,950**	**49,482**	**426,889**
Net book value								
At March 31, 2016	77,731	-	-	12,052	4,466	86,061	-	180,310
At March 31, 2017	**74,621**	**-**	**-**	**10,044**	**3,572**	**68,849**	**-**	**157,086**

The following assets included in the cost above have been fully depreciated but are still in use:
Computer equipment, with a cost of $43,352, computer software with a cost of $9,628 and parking lot assets with a cost of $49,482.

7. Accounts payable and accrued liabilities

	2017	*2016*
Trade payables	**12,691**	80,750
Wages and benefits payable	**5,076**	9,867
Goods and Services Tax payable	**-**	371
	17,767	90,988

8. Long-term debt

	2017	*2016*
Peace Hills Trust - Gas Pumps - 3 year term loan bearing interest at 6.00%. Monthly blended payments of $1,065, secured by assignment of gaming, INAC, Economic Development & Paskwa Pit Stop assets. Matures December 2017.	**15,103**	36,794
	15,103	36,794
Less: current portion	**15,103**	21,564
	-	15,230

9. Related party transactions

All transactions with related parties were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Included in accounts receivable are $30,518 of amounts owing from related parties.

Compensation of key management personnel:

	2017
Wages and bonuses	$ 53,199
Benefits	2,435
Total	$ 55,634

Key management personnel are defined to be the members of Chief and Council and the General Manager.

10. Capital management

The Enterprise's objectives when managing capital, which includes band's capital, are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to Pasqua First Nation and its members.

The Enterprise sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Enterprise may adjust contributions to the First Nation.

There were no changes in the Enterprise's approach to capital management during the year.

11. Financial instruments and risk management

The Enterprise as part of its operations carries a number of financial instruments. It is management's opinion that the Enterprise is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Risk management policy

The Enterprise observes an informal risk management policy.

Credit concentration and risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. As at March 31, 2017, two customers make up 84% (2016 - three customers made up 87%) of the accounts receivable balance. The Enterprise believes that there is no unusual exposure associated with the collection of this receivable. The Enterprise manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

Fair value of all financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, current portion of long-term debt, accounts payable and accrued liabilities is approximated by their fair value due to their short term nature.

Financial assets at fair value through profit or loss:

Cash and cash equivalents are recorded at its fair value, which is approximated by its initial carrying value, due to their short-term nature. Cash and cash equivalents are measured at level 1 in the fair value hierarchy.

Fair value estimates are made at a specific point in time, based on relevant market information and details of the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment.

Liquidity risk

Liquidity risk is the risk that the Enterprise will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Enterprise enters into transactions to purchase goods and services on credit, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Enterprise’s future net cash flows for the possibility of negative net cash flow. The Enterprise manages the liquidity risk resulting from its trade payables and accruals and other obligations by monitoring its cash and maintaining liquid assets.

12. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.

Paskwa Pit Stop
Schedule of Gross Profit
For the year ended March 31, 2017
"Unaudited - for information purposes only"
All amounts disclosed are in Canadian dollars unless otherwise stated

Paskwa Pit Stop 2017

	Sales	Cost of Sales	Gross Profit %
Fuel and automotive*	726,198	625,878	14%
Cigarettes and tobacco**	514,679	352,197	32%
Grocery and fast food	351,555	259,066	26%
Other	108,559	69,675	36%
Total:	1,700,991	1,306,816	23%

*Fuel and automotive sales are reported net of rebates paid to customers in the amount of $78,958, cost of goods sold is reported net of Saskatchewan Finance rebates in the amount of $120,057.

**Cigarettes and tobacco sales are reported net of rebates paid to customers in the amount of $197,135, cost of goods sold is reported net of Saskatchewan Finance rebates in the amount of $299,747.

Paskwa Pit Stop 2016

	Sales	Cost of Sales	Gross Profit
Fuel and automotive***	784,485	680,246	13%
Cigarettes and tobacco****	519,616	344,746	34%
Grocery and fast food	385,629	277,528	28%
Other	123,587	81,123	34%
Total:	1,813,317	1,383,644	24%

***Fuel and automotive sales are reported net of rebates paid to customers in the amount of $83,313, cost of goods sold is reported net of Saskatchewan Finance rebates in the amount of $132,879.

****Cigarettes and tobacco sales are reported net of rebates paid to customers in the amount of $214,350, cost of goods sold is reported net of Saskatchewan Finance rebates in the amount of $341,873.