

Paskwa Pit Stop
Financial Statements
March 31, 2018

Paskwa Pit Stop
Index

For the year ended March 31, 2018

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Paskwa Pit Stop is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian public sector accounting standards. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The band, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Chalupiak & Associates, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.


Chief and Council
September 17, 2018

Chalupiak & Associates
Chartered Professional Accountants
3261 Saskatchewan Drive, Regina, SK S4T 6S4
Phone (306) 359-3711 Fax (306) 569-3030

INDEPENDENT AUDITORS' REPORT

To the Management of Paskwa Pit Stop

We have audited the accompanying financial statements of Paskwa Pit Stop, which comprise the statement of financial position as at March 31, 2018, 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 auditors consider internal control relevant to the band'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 band'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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

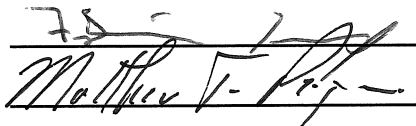
Regina, Saskatchewan
September 17, 2018

Chalupiak & Associates
Chalupiak & Associates

Paskwa Pit Stop
Statement of Financial Position
March 31, 2018

	2018	2017
Assets		
Current assets		
Cash - note 2	\$ 221,124	\$ 141,588
Accounts receivable - note 3	17,023	44,920
Inventory - note 4	83,982	70,855
Prepaid expenses - note 5	5,374	6,241
	327,503	263,604
Fixed assets - note 6	133,392	157,086
	\$ 460,895	\$ 420,690
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities - note 7	\$ 25,967	\$ 17,767
Current portion of long-term debt - note 8	-	15,103
	25,967	32,870
Band's capital	434,928	387,820
	\$ 460,895	\$ 420,690

Approved on behalf of the Band:



 Matthew V. Paj

Paskwa Pit Stop
Statement of Comprehensive Income
For the year ended March 31, 2018

	2018	2017
Sales, Schedule 1	\$ 2,145,875	\$ 1,956,238
Cost of sales, Schedule 1	1,708,861	1,579,092
Gross profit, Schedule 1	437,014	377,146
Expenses		
Advertising and promotion	1,684	6,305
Amortization	24,938	23,223
Bad debts (recovered)	7,190	(2,264)
Cash shortages (overages)	(576)	(1,038)
Contracts	1,501	4,629
Donations	10,283	5,290
Freight	3,863	3,817
Insurance	12,079	10,217
Interest and bank charges	8,551	9,798
Miscellaneous	300	11
Office	11,072	10,233
Professional fees	18,871	7,842
Repairs and maintenance	6,834	19,276
Salaries and related benefits	217,894	216,238
Security	419	398
Telephone	11,531	13,167
Travel	11,696	10,528
Utilities	11,196	13,005
	359,326	350,675
Income before undernoted items	77,688	26,471
Other income (expenses)		
Net income - Laundromat	(565)	2,622
Other income	21,168	22,091
Contribution to PFN	(51,183)	-
	(30,580)	24,713
Net income	\$ 47,108	\$ 51,184

Paskwa Pit Stop
Statement of Changes in Equity
For the year ended March 31, 2018

	2018	2017
Band's capital, beginning of year	\$ 387,820	\$ 336,636
Net income	47,108	51,184
Band's capital, end of year	\$ 434,928	\$ 387,820

Paskwa Pit Stop
Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash flows from (used in) operating activities		
Net income	\$ 47,108	\$ 51,184
Item not involving cash		
Amortization	24,938	23,223
Changes in non-cash operating items		
Accounts receivable	27,897	(13,154)
Inventory	(13,127)	22,341
Prepaid expenses	867	(1,148)
Accounts payable and accrued liabilities	8,199	(73,221)
	95,882	9,225
Cash flows from (used in) investing activity		
Purchase of fixed assets	(1,243)	-
Cash flows from (used in) financing activity		
Principle payments on long-term debt	(15,103)	(21,691)
Increase (decrease) in cash	79,536	(12,466)
Cash, beginning of year	141,588	154,054
Cash, end of year	\$ 221,124	\$ 141,588

1. Significant accounting policies

These financial statements are prepared in accordance with International Financial Reporting Standards. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements reflect only the assets, liabilities, revenue and expenses of the proprietorship and therefore do not include any other assets, liabilities, revenues or expenses of the Management or the liability of the Management for income taxes on earnings of the proprietorship.

Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- ◆ Financial instruments at fair value through profit or loss are measured at fair value.

Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is also the proprietorship's functional currency.

Significant accounting judgements, estimates and assumptions:

The preparation of the proprietorship's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

- ◆ Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary;
- ◆ Depreciation is based on the estimated useful lives of property, plant and equipment;
- ◆ Impairment of property, plant and equipment is based on the estimated recoverable amount of the assets; and,
- ◆ The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. **Significant accounting policies, continued**

(b) **Financial instruments**

Financial assets and financial liabilities are initially measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. Transactions to purchase or sell these items are recorded on the trade date. During the year, there has been no reclassification of financial instruments.

Financial assets at fair value through profit or loss

The proprietorship has classified cash and cash equivalents and marketable securities as a financial asset at fair value through profit or loss. Any gain/loss arising as a result of the difference between the carrying amount and fair value is recognized in total comprehensive income.

Financial instruments at fair value through profit or loss are subsequently measured at their fair value.

Loans and receivables

The proprietorship has classified accounts receivable and due from related parties as loans and receivables.

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. Net gains and losses arising from changes in fair value are recognized in total comprehensive income upon de-recognition or impairment.

Financial liabilities measured at amortized cost

The proprietorship has classified accounts payable and accruals, and due to related parties as financial liabilities measured at amortized cost.

Financial liabilities measured at amortized cost 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 amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in total comprehensive income upon de-recognition or impairment.

1. **Significant accounting policies, continued**

(c) **Financial asset impairment**

The proprietorship assesses impairment of all its financial assets, except those classified as fair value through profit and loss. 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 earnings.

(d) **Fair value measurements**

The proprietorship 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 proprietorship 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.

(e) **Cash and cash equivalents**

Cash and cash equivalents include cash and short-term investments 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.

(f) **Marketable securities**

Marketable securities are classified at fair value through profit or loss. They consist of mutual funds which are all traded in public markets. Marketable securities are recorded at fair value, with changes to fair value recorded as other income.

(g) **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.

1. Significant accounting policies, continued

(h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset or its development when those costs are necessarily incurred for the asset to function in the manner intended by management. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets.

All assets having limited useful lives are depreciated using the straight-line or declining balance method over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is capable of operating in the manner intended by management.

In the year of acquisition, depreciation is taken at one-half of the above rates on furniture and fixtures, leasehold improvements, and mobile camp equipment.

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

The methods of depreciation and depreciation rates applicable for each class of asset are as follows:

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

1. Significant accounting policies, continued

(i) Impairment of non-financial assets

At the end of each reporting period, the proprietorship 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 proprietorship 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 pre-tax 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.

(j) Accrual basis of accounting

Revenue and expenditures are recorded on the accrual basis of accounting and are recorded in the financial statements in the period they are earned or incurred respectively, whether or not such transactions have been settled by the receipt or payment of money.

(k) Contingencies

There is no provision for income taxes or related contingencies as the First Nation is exempt from paying income taxes.

(l) Measurement uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

1. Significant accounting policies, continued

(m) Revenue recognition

The proprietorship does not recognize revenue before the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the proprietorship, the stage of completion of the transaction at the end of the reporting period can be measured reliably, the costs incurred for the transaction and the costs to complete the transaction can be measured reliably and collection of the related receivable is reasonably assured.

(n) Comprehensive income

Comprehensive income includes all changes in equity of the proprietorship, except those resulting from investments by partners and distributions to partners. Comprehensive income is the total of net earnings and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with International Financing Reporting Standards, require recognition, but are excluded from net earnings. The proprietorship does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in total comprehensive income for the period.

(o) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

2. Cash

Cash is comprised of operating bank accounts and cash floats.

Paskwa Pit Stop
Notes to Financial Statements
For the year ended March 31, 2018

3. Accounts receivable

	2018	2017
Sask Finance rebates	\$ -	\$ 9,706
Trade receivables	17,340	35,825
GST receivable	3,683	3,389
Allowance for doubtful accounts	(4,000)	(4,000)
	\$ 17,023	\$ 44,920

4. Inventory

	2018	2017
Fuel	\$ 35,762	\$ 29,401
Cigarettes and tobacco	23,118	25,523
Other	25,102	15,931
	\$ 83,982	\$ 70,855

5. Prepaid expenses

	2018	2017
Prepaid insurance	\$ 4,582	\$ 5,445
Retail systems contract	792	796
	\$ 5,374	\$ 6,241

6. Fixed assets

	2018		
	Cost	Accumulated amortization	Net
Buildings	\$ 166,442	\$ 98,604	\$ 67,838
Parking lot	49,482	49,482	-
Computer equipment	44,595	43,766	829
Fuel tanks	232,799	178,490	54,309
Store equipment and furnishings	66,202	63,821	2,381
Software	9,628	9,628	-
Fibre cable	16,070	8,035	8,035
	\$ 585,218	\$ 451,826	\$ 133,392

Paskwa Pit Stop
Notes to Financial Statements
For the year ended March 31, 2018

6. Fixed assets, continued

	2017		
	Cost	Accumulated amortization	Net
Buildings	\$ 166,442	\$ 91,820	\$ 74,622
Parking lot	49,482	49,482	-
Computer equipment	43,352	43,352	-
Fuel tanks	232,799	163,950	68,849
Store equipment and furnishings	66,202	62,631	3,571
Software	9,628	9,628	-
Fibre cable	16,070	6,026	10,044
	\$ 583,975	\$ 426,889	\$ 157,086

7. Accounts payable and accrued liabilities

	2018	2017
Accrued liabilities	\$ 6,000	\$ 6,000
Trade payables	3,764	6,690
Wages and benefits	16,203	5,077
	\$ 25,967	\$ 17,767

8. Long-term debt

	2018	2017
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, Indigenous Services Canada (ISC), Ec Dev & Paskwa Pit Stop assets	\$ -	\$ 15,103
Less current portion	\$ -	(15,103)
Due beyond one year	\$ -	\$ -

Schedule 1
Paskwa Pit Stop
Schedule of Gross Profit
For the year ended March 31, 2018

2018						
	Revenue	Cost of sales	Rebates	Cost of sales	Gross profit	%
Fuel and auto	\$ 881,339	\$ 810,866	\$ (127,460)	\$ 683,406	\$ 197,933	45.3
Grocery	104,048	69,917	-	69,917	34,131	7.8
Confectionary / fast food	256,261	187,932	-	187,932	68,329	15.6
Cigarettes and tobacco	829,644	755,109	(48,660)	706,449	123,195	28.2
Other	74,583	63,036	(1,879)	61,157	13,426	3.1
	\$ 2,145,875	\$ 1,886,860	\$ (177,999)	\$ 1,708,861	\$ 437,014	100.0

2017						
	Revenue	Cost of sales	Rebates	Cost of sales	Gross profit	%
Fuel and auto	\$ 812,750	\$ 745,936	\$ (120,057)	\$ 625,879	\$ 186,871	49.5
Grocery	98,521	80,517	-	80,517	18,004	4.8
Confectionary / fast food	253,034	179,434	-	179,434	73,600	19.5
Cigarettes and tobacco	711,814	651,944	(23,654)	628,290	83,524	22.1
Other	80,119	66,197	(1,225)	64,972	15,147	4.0
	\$ 1,956,238	\$ 1,724,028	\$ (144,936)	\$ 1,579,092	\$ 377,146	100.0