

Pasqua First Nation TLE Revenue Account
Financial Statements
December 31, 2016

**Pasqua First Nation TLE Revenue Account
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For the year ended December 31, 2016**

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MANAGEMENT'S RESPONSIBILITY

To the Members of Pasqua First Nation:

The accompanying financial statements of Pasqua First Nation TLE Revenue Account 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 the reporting requirements of the Pasqua First Nation TLE Trust Agreement. 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.

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.

MNP LLP ("MNP") an independent firm of Chartered Professional Accountants, is appointed by Council to audit the financial statements and report directly to the Members of Pasqua First Nation; 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.

October 27, 2017

Nadean Peigan Management

INDEPENDENT AUDITORS' REPORT

To the Members of Pasqua First Nation:

We have audited the accompanying financial statements of Pasqua First Nation TLE Revenue Account, which comprise the balance sheet as at December 31, 2016 and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Pasqua First Nation in accordance with the financial reporting requirements of the Pasqua First Nation Treaty Land Entitlement Trust Agreement ("Trust Agreement").

Management's Responsibility for Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting requirements of the Trust Agreement, 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 of 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 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 the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Pasqua First Nation TLE Revenue Account for the year ended December 31, 2016, are prepared, in all material respects, in accordance with the reporting requirements of the Pasqua First Nation Treaty Land Entitlement Trust Agreement.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Pasqua First Nation to comply with the financial reporting requirements of the Trust Agreement. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Members of Pasqua First Nation and should not be distributed to, or used by parties other than the Members of Pasqua First Nation.

Other Matter

The financial statements of Pasqua First Nation TLE Revenue Account for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those financial statements on August 9, 2016.

Regina, Canada
October 27, 2017


MNP LLP

Chartered Professional Accountants

**Pasqua First Nation TLE Revenue Account
BALANCE SHEET
As at December 31, 2016**

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Current		
Cash	\$ 198,766	71,104
Accounts receivable	324	624
Due from related parties - note 3 & 4	<u>98,643</u>	<u>175,125</u>
	<u>\$ 297,733</u>	<u>246,853</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 21,341	10,785
Due to related parties - note 5	<u>16,924</u>	<u>5,483</u>
	<u>\$ 38,265</u>	<u>16,268</u>
<u>NET ASSETS</u>		
Net assets	<u>259,468</u>	<u>230,585</u>
	<u>\$ 297,733</u>	<u>246,853</u>

Approved on behalf of Council

















Pasqua First Nation TLE Revenue Account
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Revenue		
Admin fees	\$ 625	-
Interest	68	54
Pasqua First Nation TLE Trust annual income	62,677	84,253
Pasqua TLE Holdings Inc. annual income	130,641	147,481
User fees	<u>160</u>	<u>-</u>
	<u>\$ 194,171</u>	<u>231,788</u>
Expenses		
Administration	-	32,500
Band developments	43,788	35,000
Bank charges	384	512
Consultants and contractors	16,100	15,200
Equipment purchases	19,150	-
Land and building purchase	-	1,960
Office	11,010	9,507
Per diems	18,256	13,500
Professional fees	15,508	16,080
Salaries and benefits	17,666	49,451
Sports and recreation	3,418	15,213
Travel	<u>20,008</u>	<u>4,823</u>
	<u>\$ 165,288</u>	<u>193,746</u>
Excess of revenue over expenses	28,883	38,042
Net assets, beginning of year	<u>230,585</u>	<u>192,543</u>
Net assets, end of year	<u><u>\$ 259,468</u></u>	<u><u>230,585</u></u>

Pasqua First Nation TLE Revenue Account
STATEMENT OF CASH FLOWS
For the year end December 31, 2016

	<u>2016</u>	<u>2015</u>
Cash provided by (used in) the following activities:		
Operating		
Excess of revenue over expenses	\$ 28,883	38,042
Changes in working capital accounts		
Accounts receivable	300	(96)
Accounts payable and accrued liabilities	<u>10,556</u>	<u>10,414</u>
	<u>39,739</u>	<u>48,360</u>
Financing		
Advances from (to) related parties	<u>87,923</u>	<u>(128,538)</u>
Increase (decrease) in cash	127,662	(80,178)
Cash, beginning of year	<u>71,104</u>	<u>151,282</u>
Cash, end of year	<u><u>\$ 198,766</u></u>	<u><u>71,104</u></u>

**Pasqua First Nation TLE Revenue Account
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2016**

DESCRIPTION OF REPORTING ENTITY

The Pasqua First Nation Treaty Land Entitlement Trust was established to manage funds received pursuant to a Settlement Agreement dated May 18, 2008. Royal Trust Corporation of Canada is the appointed Trustee of the Pasqua First Nation Treaty Land Entitlement Trust.

The agreement stipulates that the First Nation is to establish a "TLE Revenue Account." The TLE Revenue Account does not form part of the Trust, but is instead the personal property of the First Nation. The purpose of the TLE Revenue Account is to receive and disburse monies transferred from the TLE Trust Capital Account in accordance with the trust agreement, and to receive and disburse one hundred percent of the "Annual Income" of the TLE Trust.

These financial statements also include the net income as reported in the financial statements of Pasqua TLE Holdings Inc. Pasqua TLE Holdings Inc. holds title to the land that is purchased by the Pasqua TLE Trust until it is converted to reserve status.

The agreement requires that a separate audit of the TLE Revenue Account be completed and provides further details on the administration of the TLE Revenue Account.

These financial statements include only the financial transactions of the TLE Revenue Account.

1. Significant accounting policies

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the reporting requirements prescribed by the Pasqua First Nation Treaty Land Entitlement Trust Agreement.

(a) Basis of Presentation

These financial statements include only the operations of Pasqua First Nation TLE Revenue Account. They do not include revenues, expenditures, assets or liabilities related to other operations of the Pasqua First Nation.

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become receivable and measurable; expenditures 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.

(b) Revenue Recognition

Income is recognized on an accrual basis. Annual income is recognized once it is determined and collectibility is reasonably assured. Interest and other income is recognized as it is earned.

(c) Band Development

Band development is recorded as an expenditure in the year in which the expenditure occurred.

d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Pasqua First Nation TLE Revenue Account
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies (continued)

(d) Use of Estimates

The preparation of financial statements 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 revenues and expenditures during the reporting period. These estimates and assumptions are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the periods in which they become known.

2. Financial instruments

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

Fair value of financial instruments

The carrying value of cash, accounts receivable, due from related parties and accounts payable and accrued liabilities approximates their fair value due to the short-term nature of these items.

Interest rate risk

Interest rate risk is the risk that the value of financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Risk management

The Revenue Account manages risk by following the guidelines set out by the Trust Agreement.

3. Receivable from the Capital and Revenue Trust Accounts

One hundred percent of the "Annual Income" of the TLE Trust less authorized expenses is due to the TLE Revenue Account as per the Trust Agreement. The December 31, 2016 financial statements of the TLE Trust recorded a payable of \$62,677 (2015 - \$84,254) to the TLE Revenue Account.

4. Due from related parties

	<u>2016</u>	<u>2015</u>
Due from Pasqua First Nation	\$ 35,966	90,871
Due from Pasqua First Nation TLE Trust	<u>62,677</u>	<u>84,254</u>
	<u>\$ 98,643</u>	<u>175,125</u>

Amounts due from related parties are non-interest bearing, are unsecured, and with no fixed terms of repayment. The Revenue Account is related through common control. All transactions are measured at the exchange amount.

Pasqua First Nation TLE Revenue Account
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2016

5. Due to related parties

	<u>2016</u>	<u>2015</u>
Due to Pasqua TLE Holdings Inc.	14,450	5,483
Due to CMHC	<u>2,474</u>	<u>-</u>
	<u>\$ 16,924</u>	<u>5,483</u>

Amounts due to related parties are non-interest bearing, are unsecured, and with no fixed terms of repayment. The Revenue Account is related through common control. All transactions are measured at the exchange amount.

6. Net assets externally restricted

Use of the Trust Assets is externally restricted by terms contained within the Trust Agreement.

7. Income taxes

Based on advance tax rulings issued by Canada Revenue Agency to similar entities, it is the Pasqua First Nation TLE Revenue Account's position that it does not have any taxable income.

8. Economic dependence

Pasqua First Nation TLE Revenue Account is economically dependent on Pasqua First Nation TLE Trust and Pasqua TLE Holdings Inc. to transfer "Annual Income" pursuant to the Pasqua First Nation TLE Trust Agreement.

9. Comparative figures

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

**Pasqua First Nation TLE Revenue Account
Schedule of TLE Revenue Account
For the year ended December 31, 2016**

Schedule 1

	<u>2016</u>	<u>2015</u>
Revenue		
Interest	\$ 68	54
Pasqua TLE Holdings Inc. annual income	130,641	147,481
Pasqua First Nation TLE Trust annual income	<u>62,677</u>	<u>84,253</u>
	<u>\$ 193,386</u>	<u>231,788</u>
Expenditures		
Administration	\$ -	26,500
Band developments	43,788	35,000
Bank charges	384	512
Consultants and contractors	16,100	15,200
Equipment purchase	19,150	-
Land and building purchase	-	1,960
Sports and recreation	<u>3,418</u>	<u>15,213</u>
	<u>\$ 82,840</u>	<u>94,385</u>
Excess of revenue over expenditures before transfers	\$ 110,546	137,403
Transfer to Operating - Schedule 2	<u>(100,000)</u>	<u>(272,500)</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 10,546</u>	<u>(135,097)</u>

**Pasqua First Nation TLE Revenue Account
Schedule of Operating Activities
For the year ended December 31, 2016**

Schedule 2

	<u>2016</u>	<u>2015</u>
Revenue		
Admin fees	\$ 625	-
User fees	160	-
	<u>\$ 785</u>	<u>-</u>
Expenditures		
Administration	\$ -	6,000
Office	11,010	9,507
Per diems	18,256	13,500
Professional fees	15,508	16,080
Salaries and benefits	17,666	49,451
Travel	20,008	4,823
	<u>\$ 82,448</u>	<u>99,361</u>
Deficiency of revenue over expenditures before transfers	\$ (81,663)	(99,361)
Transfer from Revenue Account - Schedule 1	<u>100,000</u>	<u>272,500</u>
Excess of revenue over expenditures	\$ 18,337	173,139