



Sweetgrass First Nation
Consolidated Financial Statements
March 31, 2018



Sweetgrass First Nation Contents

For the year ended March 31, 2018

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4
Notes to the Consolidated Financial Statements.....	5
Schedules	
Schedule of Consolidated Expenses by Object.....	15
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Band Government Support.....	16
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Capital.....	17
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Community Development.....	18
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Education.....	19
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Lands and Trust.....	20
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Other.....	21
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Ottawa Trust Fund.....	22
Schedule of Segment Revenues and Expenses and Surplus (Deficit) - Own Source.....	23



To the Members of Sweetgrass First Nation:

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 consolidated financial statements.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for appointing the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Chief and Council to audit the consolidated financial statements and report directly to the Members of Sweetgrass First Nation; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.

June 18, 2018

Signed by: Lisa Albert

_____ Management

Independent Auditors' Report

To the Members of Sweetgrass First Nation:

We have audited the accompanying consolidated financial statements of Sweetgrass First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows, and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sweetgrass First Nation as at March 31, 2018 and the results of its operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 13 to the consolidated financial statements which describes that Sweetgrass First Nation entered into a treaty annuities claim against the Government of Canada for damages sustained by the First Nation. The First Nation has obtained a loan to fund costs of negotiations and has taken insurance to cover the repayment of the loan if it is in excess of settlement proceeds.

Saskatoon, Saskatchewan

June 18, 2018

MNP LLP

Chartered Professional Accountants



Sweetgrass First Nation Consolidated Statement of Financial Position

As at March 31, 2018

	2018	2017
Financial assets		
Current		
Cash resources	42,888	54,127
Restricted cash (Note 4)	1,449,810	683,963
Accounts receivable (Note 5)	363,020	443,767
Portfolio investments (Note 6)	66,978	1,011
	1,922,696	1,182,868
Investment in First Nation business entity (Note 7)	690,748	638,931
Funds held in Ottawa Trust Fund (Note 8)	34,689	234,579
Total financial assets	2,648,133	2,056,378
Liabilities		
Current		
Bank indebtedness (Note 9)	317,750	357,629
Accounts payable and accruals	572,960	597,431
Deferred revenue (Note 10)	1,488,637	603,375
Current portion of long-term debt (Note 11)	408,882	561,603
Term loans subject to refinancing (Note 11)	2,222,526	2,222,526
	5,010,755	4,342,564
Long-term debt (Note 11)	3,203,197	3,525,789
Total financial liabilities	8,213,952	7,868,353
Net debt	(5,565,819)	(5,811,975)
Contingent asset (Note 13)		
Non-financial assets		
Tangible capital assets (Note 12)	17,261,802	17,834,254
Accumulated surplus (Note 16)	11,695,983	12,022,279

Approved on behalf of Chief and Council

Signed by: Laurence Paskemin

Chief

Signed by: Lavina Adams

Councillor



Sweetgrass First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

	2018 <i>Budget</i> <i>(Note 15)</i>	2018 <i>Actual</i>	2017 <i>Actual</i>
Revenues			
Department of Indigenous Services Canada <i>(Note 19)</i>	3,326,735	4,584,834	3,712,041
Other	573,852	658,665	605,239
First Nations Trust	632,716	633,944	624,908
Rental	528,729	631,080	622,834
Treaty Land Entitlement Trust	347,195	404,152	347,195
Canada Mortgage and Housing Corporation	119,476	222,423	119,479
Insurance	165,480	164,361	-
Saskatchewan Indian Institute of Technologies	123,272	161,878	160,184
CMHC rent	133,732	148,663	133,732
Battleford Agency Tribal Chiefs - CDC	110,477	110,400	107,325
Battleford Tribal Council - Health Committee	33,017	-	-
Health Canada	-	-	17,347
Loss from investment in First Nation business entity <i>(Note 7)</i>	-	(33,382)	(39,136)
	6,094,681	7,687,018	6,411,148
Program expenses			
Band Government Support	525,791	552,876	603,603
Capital	-	195,933	526,284
Community Development	801,263	2,086,727	1,081,324
Education	1,917,962	2,062,534	1,821,430
Lands and Trust	195,404	196,768	205,097
Other	500,206	1,072,321	954,928
Ottawa Trust Fund	397,885	425,096	173,265
Own Source	1,644,038	1,421,059	2,206,796
Total expenses	5,982,549	8,013,314	7,572,727
Surplus (deficit)	112,132	(326,296)	(1,161,579)
Accumulated surplus, beginning of year	12,022,279	12,022,279	13,183,858
Accumulated surplus, end of year	12,134,411	11,695,983	12,022,279

The accompanying notes are an integral part of these financial statements



Sweetgrass First Nation Consolidated Statement of Change in Net Debt

For the year ended March 31, 2018

	2018 Budget (Note 15)	2018 Actual	2017 Actual
Surplus (deficit)	112,132	(326,296)	(1,161,579)
Purchases of tangible capital assets	-	(194,484)	(3,016,353)
Amortization of tangible capital assets	5,500	650,649	682,007
Impairment of tangible capital assets	-	107,463	-
Proceeds of disposal of tangible capital assets	-	8,824	-
	5,500	572,452	(2,334,346)
Change in net debt	117,632	246,156	(3,495,925)
Net debt, beginning of year	(5,811,975)	(5,811,975)	(2,316,050)
Net debt, end of year	(5,694,343)	(5,565,819)	(5,811,975)

The accompanying notes are an integral part of these financial statements



Sweetgrass First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(326,296)	(1,161,579)
Non-cash items		
Amortization of tangible capital assets	650,649	682,007
Impairment of tangible capital assets	107,463	-
Loss from investment in First Nation business entity	33,382	39,136
	465,198	(440,436)
Changes in working capital accounts		
Accounts receivable	80,747	153,032
Restricted cash	(765,847)	(427,658)
Funds held in Ottawa Trust Fund	199,890	(169,273)
Accounts payable and accruals	(24,471)	4,170
Deferred revenue	885,262	547,100
	840,779	(333,065)
Financing activities		
Advances of long-term debt	82,847	4,742,511
Repayment of long-term debt	(558,160)	(1,382,769)
Decrease in bank indebtedness	(39,879)	(25,366)
	(515,192)	3,334,376
Capital activities		
Purchases of tangible capital assets	(194,484)	(3,016,353)
Proceeds of disposal of tangible capital assets	8,824	-
	(185,660)	(3,016,353)
Investing activities		
Contribution to investment in First Nation business entity	(85,199)	(153,441)
Purchase of portfolio investments	(65,967)	-
	(151,166)	(153,441)
Decrease in cash resources	(11,239)	(168,483)
Cash resources, beginning of year	54,127	222,610
Cash resources, end of year	42,888	54,127

The accompanying notes are an integral part of these financial statements



Sweetgrass First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

1. Operations

The Sweetgrass First Nation (the "First Nation") is located in Treaty 6 Territory, Canada and provides various services to its Members. Sweetgrass First Nation includes all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Change in accounting policies

Effective April 1, 2017, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

3. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards, and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities which are accounted for using the modified equity method.

The First Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Sweetgrass First Nation
- Sweetgrass First Nation C.M.H.C. 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.

Sweetgrass First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Sweetgrass Developments Limited Partnership
- Sweetgrass Investments Ltd.

Basis of presentation

Sources of revenues and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become 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.



3. Significant accounting policies (Continued from previous page)

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.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions is included in restricted cash. Restricted cash consists of the TLE Revenue Operating, CMHC Operating Reserve and Replacement Reserve, and capital project bank accounts.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

The First Nation's original reserve land is not recognized in the consolidated financial statements.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings and infrastructure	declining balance	5-10 %
Equipment	declining balance	25 %
CMHC Housing	straight-line	15-35 years

Land is not amortized. Projects under construction are not amortized until they are put into use.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. 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.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. There are no known liabilities at March 31, 2018.



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

Net debt

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

Revenue recognition

Funding

Revenue is recognized as it becomes receivable 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.

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.

Externally restricted revenue

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement. Until this time, the First Nation records externally restricted inflows in deferred revenue.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to funds held in the Ottawa Trust Fund is recognized when it is deposited in the trust account.

Other revenues

Rental and lease revenue is recognized over the rental term. Other revenue is recognized as it becomes receivable.

Measurement uncertainty

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Segments

The First Nation conducts its business through 8 reportable segments (Note 17). 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, revenues 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

3. Significant accounting policies (Continued from previous page)

Other economic interests

The First Nation is a member of several other entities. The First Nation does not share in the profit or loss of these entities. As a result these entities have not been included in these consolidated financial statements.

4. Restricted cash

	2018	2017
Capital projects - Innovations Credit Union	1,303,434	79,969
Guaranteed Investment Certificate - maturing April 2018	107,224	-
New housing	14,405	277,205
TLE Revenue operating	13,540	(2,746)
CMHC replacement reserve	11,207	291,761
Sweetgrass Health Centre	-	17,990
Subdivision project	-	16,240
Firehall project	-	3,528
CMHC operating reserve	-	16
	1,449,810	683,963

5. Accounts receivable

	2018	2017
Sweetgrass Treaty Land Entitlement Trust	280,943	333,934
Former employees	124,443	187,869
BATC Social Development	67,259	81,546
Canada Mortgage and Housing Corporation	32,996	34,698
Other funding agencies	37,969	24,310
Salary advances	17,119	15,427
Health Canada	-	30,835
	560,729	708,619
Less: Allowance for doubtful accounts	197,709	264,852
	363,020	443,767

6. Portfolio investments

The First Nation has a 20% interest in BATC Investments Limited Partnership which has a carrying value of \$1,010. The First Nation also has a 20% interest in BATC Land Holdings Ltd. which has a carrying value of \$1. The First Nation has \$65,967 invested in a Guaranteed Investment Certificate (2017 - \$nil) with a one year term with interest at 0.5% maturing January 2019.



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. Investment in First Nation business entity

The First Nation holds a 100% interest in the following entity:

	<i>Beginning of year</i>	<i>Contributions from the First Nation</i>	<i>Net loss</i>	<i>End of year</i>
Sweetgrass Developments Limited Partnership	638,931	85,199	(33,382)	690,748

Summary financial information for the First Nation business enterprise, accounted for using the modified equity method, follows:

	<i>Sweetgrass Development Limited Partnership As at March 31, 2018</i>
Assets	
Cash	521
Accounts receivable	156
Land	854,388
Total assets	855,065
Liabilities	
Accounts payable and accruals	2,002
Long-term debt	162,315
Total liabilities	164,317
Partners Capital	690,748
Total revenues	-
Total expenses	33,382
Net loss	(33,382)

Sweetgrass Investments Ltd.(owned by the First Nation) is the General Partner of Sweetgrass Developments Limited Partnership and is included above as it does not have active operations.

Principal repayments on long-term debt of the First Nation's business enterprise in each of the next three years, assuming long-term debt subject to refinancing is renewed at similar terms, are estimated as follows:

	<i>2019</i>	<i>2020</i>	<i>2021</i>		<i>Total</i>
Sweetgrass Developments Limited Partnership	58,334	60,650	43,331		162,315



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Funds held in Ottawa Trust Fund

Capital and Revenue Trust monies are transferred to the First Nation on the authorization of Chief and Council, with the consent of the Minister of Indigenous and Northern Affairs Canada. There were no funds in the Capital Account at year-end, nor were there any transactions in the Capital Account during the year.

	2018	2017
Revenue Account		
Balance, beginning of year	234,579	65,306
Interest	2,806	2,666
Land leases	560,069	563,817
Less: Transfers to First Nation	762,765	397,210
Balance, end of year	34,689	234,579

9. Bank indebtedness

The First Nation has an approved operating line of credit of \$350,000 with interest to be charged at Royal Bank prime plus 1.5% per annum. At March 31, 2018, \$316,200 (2017 - \$260,149) has been drawn. The operating line is secured by a general security agreement and a Band Council Resolution.

10. Deferred revenue

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	Balance 2017	Contributions received	Contributions utilized	Balance 2018
New school - DISC	80,000	920,000	195,789	804,211
Culture and Recreation - DISC	476,378	-	272,651	203,727
Subdivision - DISC	16,164	275,000	123,703	167,461
Community Backup Well - DISC	-	200,000	35,000	165,000
Water plan - DISC	-	100,000	10,000	90,000
Renovations and additions - DISC	-	250,000	191,762	58,238
Health Centre - Health Canada	30,833	-	30,833	-
	603,375	1,745,000	859,738	1,488,637

11. Long-term debt

The following loans are secured by government guarantees, and relate to the construction of on reserve housing. The First Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>Phase</u>	<u>Monthly payment including interest</u>	<u>Interest rate</u>	<u>Renewal Date</u>	<u>2018</u>	<u>2017</u>
I	154	1.71%	1-Apr-18	114	1,517
V	2,754	2.61%	1-Jul-18	10,921	43,263
VI	1,630	1.92%	1-Apr-19	270,648	284,885
VII	2,711	1.03%	1-Oct-21	550,016	576,741
VIII	2,623	1.92%	1-Jul-19	550,923	571,640



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

<u>Phase</u>	<u>Monthly payment including interest</u>	<u>Interest rate</u>	<u>Renewal Date</u>	<u>2018</u>	<u>2017</u>
X	5,746	1.44%	1-Feb-22	<u>869,245</u>	<u>925,278</u>
				2,251,867	2,403,324
CMHC Section 95 - Phase 9 Advances, subject to refinancing				1,372,526	1,372,526
RBC CMHC Phase 9 bridge financing term loan, with interest at Royal Bank prime plus 2.8%, due August 2017, secured by general security agreement				850,000	850,000
RBC Treaty Annuities term loan, with interest at Royal Bank prime plus 0.75%, repayable the earlier of: receipt of funds pursuant to a settlement, judgment or order relating to the claim and January 31, 2022, secured by AmTrust Europe Limited insurance policy, surety bond and assignment of all proceeds payable under the insurance policy (see note 13)				650,907	568,060
RBC term loan, repayable in semi-annual instalments of \$75,000 plus interest at Royal Bank prime plus 2.8%, secured by a general security agreement, matures June 2020				350,000	500,000
RBC term loan, repayable in annual instalments of \$30,713 plus interest at Royal Bank prime plus 2.5%, secured by general security agreement, matures March 2024				184,285	215,000
RBC term loan, repayable in quarterly instalments of \$15,280 plus interest at Royal Bank prime plus 1.5%, secured by a general security agreement, matures June 2020				137,520	198,640
RBC term loan, repayable in quarterly instalments of \$37,500 plus interest at Royal Bank prime plus 2.85%, secured by a general security agreement, matures April 2018				37,500	187,500
CMHC RRAP loans				-	14,868
				5,834,605	6,309,918
Less: current portion				408,882	561,603
Less: term loans subject to refinancing				2,222,526	2,222,526
				3,203,197	3,525,789

Term loans subject to refinancing include CMHC Section 95 advances and RBC Phase 9 bridge financing. These loans are expected to be refinanced in the next year and have not been included in estimated principal repayments. Principal repayments on the remainder of long-term debt in each of the next five years are estimated as follows:

2019	408,882
2020	362,635
2021	221,195
2022	160,415
2023	163,315



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Tangible capital assets

For the year ended March 31, 2018

	Cost				Accumulated Amortization				Net book value
	Opening balance	Additions	Disposals and impairment	Ending balance	Opening balance	Current amortization	Disposals	Ending balance	
Buildings and infrastructure	11,647,354	145,000	(15,853)	11,776,501	5,644,614	353,721	(7,029)	5,991,306	5,785,195
Equipment	363,851	-	-	363,851	323,302	10,137	-	333,439	30,412
CMHC housing	3,929,001	-	(69,345)	3,859,656	1,091,801	286,791	(69,345)	1,309,247	2,550,409
Projects under construction	1,964,984	49,484	(107,463)	1,907,005	-	-	-	-	1,907,005
Purchased land	6,988,781	-	-	6,988,781	-	-	-	-	6,988,781
	24,893,971	194,484	(192,661)	24,895,794	7,059,717	650,649	(76,374)	7,633,992	17,261,802

For the year ended March 31, 2017

	Cost				Accumulated Amortization				Net book value
	Opening balance	Additions	Disposals	Ending balance	Opening balance	Current amortization	Disposals	Ending balance	
Buildings and infrastructure	11,447,354	200,000	-	11,647,354	5,285,086	359,528	-	5,644,614	6,002,740
Equipment	363,851	-	-	363,851	309,784	13,518	-	323,302	40,549
CMHC housing	3,183,947	930,000	(184,946)	3,929,001	967,786	308,961	(184,946)	1,091,801	2,837,200
Projects under construction	78,631	1,886,353	-	1,964,984	-	-	-	-	1,964,984
Purchased land	6,988,781	-	-	6,988,781	-	-	-	-	6,988,781
	22,062,564	3,016,353	(184,946)	24,893,971	6,562,656	682,007	(184,946)	7,059,717	17,834,254



Sweetgrass First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

13. Contingent asset

In a previous year, the First Nation initiated a treaty annuity claim against the Government of Canada. The First Nation has obtained a loan to finance the costs of negotiating the settlement. Insurance has been obtained to mitigate the risk that the settlement proceeds may be less than the total loan outstanding at such time the claim is resolved.

As of March 31, 2018, expenses of \$650,907 (2017 - \$568,060) have been incurred and available financing drawn (Note 11). The First Nation anticipates the loan will be paid from settlement proceeds.

On December 8, 2017, the Government of Canada made a settlement offer of \$6,565,825 for the full and final settlement of the Sweetgrass treaty annuities claim. Sweetgrass First Nation Chief and Council signed a Band Council Resolution on February 23, 2018 advising the Government of Canada that the First Nation intended to proceed with the settlement of the claim. A settlement agreement has been drafted and will be presented to the membership of Sweetgrass First Nation for ratification. The settlement agreement includes the establishment of a Trust and allows Chief and Council to authorize a one-time lump sum payment of \$500 to each Member of Sweetgrass First Nation.

When the claim is ratified by membership the amounts will be recognized in revenue.

14. Funds and reserves

The Sweetgrass First Nation maintains the following funds and reserves as part of its operations:

- Operating Fund reports on the general activities of the First Nation's administration.
- Capital Asset Fund reports on the capital assets and projects of the First Nation.
- Commercial Fund reports on commercial business operations owned by the First Nation.
- CMHC Operating Reserve is required as part of the First Nation's CMHC Housing Program, which receives funds 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 the Program.
- CMHC Replacement Reserve is required as part of the First Nation's CMHC Housing Program. It has been established for replacement of capital equipment and for major repairs to the houses.
- Ottawa Trust Fund reports on trust moneys owned by the First Nation and held by the Government of Canada.

15. Budget information

The disclosed budget information has been approved by Chief and Council in September 2017.

16. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Operating	(1,399,647)	(1,270,462)
Capital assets	12,078,104	12,092,396
Commercial	691,759	639,942
CMHC Operating Reserve	43,907	44,382
CMHC Replacement Reserve	247,171	281,442
Ottawa Trust Fund	34,689	234,579
	11,695,983	12,022,279



17. Segments

The First Nation has 8 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

- Band Government Support - includes administration and governance activities.
- Capital - reports on capital projects.
- Community Development - includes operations for the maintenance of the First Nation's buildings and infrastructure.
- Education - includes the operations of education programs.
- Lands and Trusts - includes activities for the development of the First Nation's land.
- Other - reports on operations of band programs.
- Ottawa Trust Fund - reports trust funds held by the Government of Canada.
- Own Source - reports on operations related to economic development and other revenue generated by the Nation.

18. Economic dependence

Sweetgrass First Nation receives a significant portion of its revenues from the Department of Indigenous Services Canada (DISC) as a result of Treaties entered into with Her Majesty the Queen. These Treaties are administered by DISC 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.

19. Department of Indigenous Services Canada reconciliation

Total funding per year-end funding confirmation report	\$ 5,510,386
Add:	
Prior year deferred revenues	572,542
Minus:	
Current year deferred revenues	(1,488,637)
Band employee benefits (SET) recovery	<u>(9,457)</u>
	<u>\$ 4,584,834</u>



Sweetgrass First Nation Schedule of Consolidated Expenses by Object

For the year ended March 31, 2018

	2018	2017
	Actual	Actual
Salaries and benefits	1,763,632	1,680,927
Repairs and maintenance	1,463,237	959,094
Student expenses	899,535	841,311
Amortization	650,649	682,007
Contracted services	488,559	381,481
Chief and Council	388,374	394,350
Community events	332,929	239,386
Professional fees	305,842	378,936
Insurance	249,544	184,459
Supplies	204,297	185,147
Elders utilities	203,962	160,659
Christmas sponsorship	192,102	187,037
Interest on long-term debt	165,172	159,620
Emergency assistance and funerals	131,185	186,560
Utilities	128,215	126,238
Rent contribution CMHC houses	93,864	65,363
Property tax	86,735	66,144
Travel	86,023	43,750
Treaty annuities claim - professional fees	39,107	323,855
Honoraria	38,525	16,946
Bank charges and interest	36,466	29,512
Training	24,156	28,855
Rent	21,650	26,809
Treaty annuities claim - insurance	19,554	226,341
Administration	-	(2,060)
	8,013,314	7,572,727



Sweetgrass First Nation
Band Government Support
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2018

	2018	2017
Revenue		
Department of Indigenous Services Canada		
Fixed	143,196	78,216
Band support	406,684	370,299
Set	79,020	62,237
Funding repaid	(9,457)	(954)
	619,443	509,798
Other	274	(874)
	619,717	508,924
Expenses		
Salaries and benefits	292,823	204,980
Professional fees	125,489	232,239
Contracted services	34,829	27,817
Supplies	20,935	18,001
Administration	16,777	4,324
Travel	13,951	4,922
Bank charges and interest	11,593	11,867
Training	11,378	826
Amortization	10,138	13,517
Utilities	5,417	5,597
Repairs and maintenance	4,884	-
Interest on long-term debt	3,412	3,359
Honoraria	1,250	-
Chief and Council	-	76,154
	552,876	603,603
Surplus (deficit)	66,841	(94,679)



Sweetgrass First Nation Capital

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018	2017
Revenue		
Department of Indigenous Services Canada		
Flexible	1,015,011	422,455
Deferred revenue	(724,211)	(80,000)
	290,800	342,455
Other	169	-
	290,969	342,455
Expenses		
Amortization	100,797	92,830
Insurance	95,011	160,573
Professional fees	-	4,500
Bank charges and interest	125	93
Interest on long-term debt	-	34
Chief and Council	-	39,000
Repairs and maintenance	-	229,254
	195,933	526,284
Surplus (deficit) before transfers	95,036	(183,829)
Transfers between programs	(146,180)	-
Deficit	(51,144)	(183,829)



Sweetgrass First Nation
Community Development
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2018

	2018	2017
Revenue		
Department of Indigenous Services Canada		
Fixed	422,517	421,363
Flexible	1,272,444	863,922
Deferred revenue	(191,884)	(476,378)
	1,503,077	808,907
Other	187	(120)
	1,503,264	808,787
Expenses		
Repairs and maintenance	1,011,737	448,303
Salaries and benefits	266,170	230,738
Amortization	252,922	266,698
Insurance	116,737	-
Utilities	111,947	90,884
Administration	176,938	-
Community events	72,631	121
Supplies	34,514	27,259
Professional fees	19,082	4,500
Travel	12,054	9,527
Bank charges and interest	8,328	1,245
Contracted services	2,406	-
Training	1,261	2,049
	2,086,727	1,081,324
Deficit before transfers	(583,463)	(272,537)
Transfers between programs	146,180	-
Deficit	(437,283)	(272,537)



**Sweetgrass First Nation
Education**

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018	2017
Revenue		
Department of Indigenous Services Canada		
Fixed	1,976,070	1,855,825
Expenses		
Salaries and benefits	741,100	669,494
Student expenses	727,058	678,596
Contracted services	343,315	300,360
Supplies	121,476	92,538
Administration	39,318	-
Community events	17,270	24,508
Travel	16,839	11,271
Bank charges and interest	14,356	14,838
Honoraria	13,436	6,475
Professional fees	10,686	4,500
Training	10,214	15,859
Repairs and maintenance	6,589	-
Utilities	877	2,691
Interest on long-term debt	-	300
	2,062,534	1,821,430
Surplus (deficit)	(86,464)	34,395



Sweetgrass First Nation
Lands and Trust
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2018

	2018	2017
Revenue		
Department of Indigenous Services Canada		
Fixed	195,444	195,056
Other	314	(314)
	195,758	194,742
Expenses		
Salaries and benefits	149,449	150,745
Rent	12,000	12,000
Professional fees	9,200	17,572
Administration	6,146	-
Utilities	6,035	5,250
Repairs and maintenance	3,886	8,617
Travel	3,523	4,959
Contracted services	3,448	-
Supplies	2,697	5,351
Training	384	60
Insurance	-	543
	196,768	205,097
Deficit	(1,010)	(10,355)



**Sweetgrass First Nation
Other**

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018	2017
Revenue		
Treaty Land Entitlement Trust	404,152	347,195
Canada Mortgage and Housing Corporation	222,423	119,479
CMHC rent	148,663	133,732
Other	1,112	4,502
	776,350	604,908
Expenses		
Repairs and maintenance	366,403	115,935
Amortization	286,792	308,962
Christmas sponsorship	98,900	94,537
Interest on long-term debt	88,312	82,312
Property tax	86,735	66,144
Salaries and benefits	41,523	21,553
Insurance	37,706	22,343
Professional fees	22,645	20,280
Travel	17,334	6,066
Administration	16,356	17,506
Contracted services	5,735	3,200
Honoraria	2,299	3,500
Bank charges and interest	810	986
Supplies	771	4,320
Emergency assistance and funerals	-	92,035
Elders utilities	-	92,035
Chief and Council	-	1,957
Training	-	1,257
	1,072,321	954,928
Deficit	(295,971)	(350,020)



Sweetgrass First Nation
Ottawa Trust Fund
Schedule of Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2018

	2018	2017
Revenue		
Rental	562,875	566,484
Expenses		
Elders utilities	135,023	-
Professional fees	99,240	-
Christmas sponsorship	92,752	92,500
Emergency assistance and funerals	64,886	-
Community events	33,195	32,885
Interest on long-term debt	-	47,880
	425,096	173,265
Surplus before transfers	137,779	393,219
Transfers between programs	(337,669)	(223,946)
Surplus (deficit)	(199,890)	169,273



**Sweetgrass First Nation
Own Source**

Schedule of Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018	2017
Revenue		
First Nations Trust	633,944	624,908
Other	656,609	602,045
Insurance	164,361	-
Saskatchewan Indian Institute of Technologies	161,878	160,184
Battleford Agency Tribal Chiefs - CDC	110,400	107,325
Rental	68,205	56,350
Loss from investment in First Nation business entity	(33,382)	(39,136)
Health Canada	-	17,347
	1,762,015	1,529,023
Expenses		
Chief and Council	388,374	277,239
Salaries and benefits	272,567	403,417
Community events	209,833	181,872
Student expenses	172,477	162,715
Contracted services	98,826	50,104
Rent contribution CMHC houses	93,864	65,363
Interest on long-term debt	73,448	25,735
Elders utilities	68,939	68,624
Emergency assistance and funerals	66,299	94,525
Repairs and maintenance	69,738	156,985
Treaty annuities claim - professional fees	39,107	323,855
Supplies	23,904	37,678
Travel	22,322	7,005
Honoraria	21,540	6,971
Treaty annuities claim - insurance	19,554	226,341
Professional fees	19,500	95,345
Rent	9,650	14,809
Utilities	3,939	21,816
Bank charges and interest	1,254	483
Training	919	8,804
Christmas sponsorship	450	-
Insurance	90	1,000
Administration	(255,535)	(23,890)
	1,421,059	2,206,796
Surplus (deficit) before transfers	340,956	(677,773)
Transfers between programs	337,669	223,946
Surplus (deficit)	678,625	(453,827)