
**ONE ARROW FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2014

Heagy Altrogge Matchett & Partners LLP
CHARTERED ACCOUNTANTS

ONE ARROW FIRST NATION

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**ONE ARROW FIRST NATION
MANAGEMENT'S REPORT**

To the Members of
One Arrow First Nation

The accompanying consolidated financial statements of One Arrow First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the financial statements are presented fairly, in all material respects.

One Arrow First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and One Arrow First Nation's assets are appropriately accounted for and adequately safeguarded.

The One Arrow First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the consolidated financial statements and the independent auditors' report. The Council also considers, for approval by the members, the engagement of the external auditors.

The consolidated financial statements have been audited by Heagy Altrogge Matchett & Partners LLP, Chartered Accountants in accordance with Canadian auditing standards on behalf of the members. Heagy Altrogge Matchett & Partners LLP, Chartered Accountants have full and free access to the financial management of the First Nation.

"Kirk Matchap" _____ Chief

"Delvis Matchap" _____ Councillor

Heagy Altrogge Matchett & Partners LLP

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
One Arrow First Nation

We have audited the accompanying consolidated financial statements of One Arrow First Nation, which comprise the consolidated summary statement of financial position as at March 31, 2014 and the consolidated summary statements of changes in members' equity, revenue and expenditures, change in net financial assets and cash flows, along with the 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 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 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 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 First Nation'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 First Nation'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 of our audit opinion.

Basis for Qualified Opinion

The accounting guidelines for First Nations require that tangible capital assets be capitalized and amortized over their estimated useful lives. As explained in note 1 to the consolidated financial statements, One Arrow First Nation has been capitalizing and amortizing tangible capital assets acquired since April 1, 1996. Prior to this date, tangible capital assets were expensed in the year they were purchased. One Arrow First Nation has not reviewed its historical records to determine the cost or net realizable value of tangible capital assets acquired prior to April 1, 1996. We are, therefore, unable to determine what effect this failure to capitalize tangible capital assets acquired prior to April 1, 1996 would have on depreciation for the year, tangible capital assets and equity in tangible capital assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of One Arrow First Nation as at March 31, 2014 and its financial performance and its change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



CHARTERED ACCOUNTANTS

October 2, 2014

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2014 \$	2013 \$
FINANCIAL ASSETS (notes 8 and 17)		
CURRENT FINANCIAL ASSETS		
Restricted cash and portfolio investments (note 2)	6,413,637	6,422,308
Restricted savings (note 2)	917,657	763,450
Restricted cash - capital	328,510	418,613
Accounts receivable (note 3)	198,616	230,702
Due from other government organizations (note 4)	531,443	690,130
	8,389,863	8,525,203
OTHER FINANCIAL ASSETS		
Long-term investments (note 5)	6,502	6,502
Investment in Sounding Sky Development Inc. (note 13)	405,194	450,878
Investment in One Arrow Equestrian Centre Inc. (note 14)	496,393	515,354
Investment in Spotted Calf Holdings Ltd. (note 15)	342,263	335,829
Investment in One Arrow Developments Limited		
Partnership (note 16)	1,259,221	1,186,252
Trust funds	27,272	26,846
	2,536,845	2,521,661
TOTAL FINANCIAL ASSETS	10,926,708	11,046,864
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft (note 8)	585,237	698,136
Accounts payable and accrued liabilities (note 9)	727,269	680,768
Due to other government organizations (note 11)	51,803	92,740
Deferred revenue (note 12)	380,048	452,426
Current portion of long-term debt	466,800	428,400
	2,211,157	2,352,470
LONG-TERM DEBT (note 17)	4,725,542	4,871,918
CONTINGENT LIABILITIES (note 18)		
TOTAL LIABILITIES	6,936,699	7,224,388
NET FINANCIAL ASSETS	3,990,009	3,822,476
NON-FINANCIAL ASSETS (notes 8 and 17)		
Prepaid expenditures	11,843	13,232
Treaty Land Entitlement Trust tangible capital assets (note 6)	202	252
Tangible capital assets (notes 1, 7 and 17)	24,262,130	24,466,184
TOTAL NON-FINANCIAL ASSETS	24,274,175	24,479,668
MEMBERS' EQUITY		
ACCUMULATED MEMBERS' EQUITY	28,264,184	28,302,144
APPROVED BY FIRST NATION COUNCIL		
<u>"Kirk Matchap"</u>	Chief	
<u>"Delvis Matchap"</u>	Councillor	

ONE ARROW FIRST NATION**CONSOLIDATED SCHEDULE OF COMPONENTS OF
MEMBERS' EQUITY****FOR THE YEAR ENDED
MARCH 31**

	2014	2013
	\$	\$
MEMBERS' EQUITY		
RESTRICTED - MEDICAL	(367,062)	(383,346)
RESTRICTED - CMHC REPLACEMENT RESERVE	979,767	862,587
RESTRICTED - TREATY LAND ENTITLEMENT TRUST	6,340,642	6,351,531
RESTRICTED - AANDC TRUST	27,273	26,847
RESTRICTED - ENTERPRISE FUND	2,431,075	2,268,129
UNRESTRICTED	(217,299)	10,530
EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)	19,069,788	19,165,866
	28,264,184	28,302,144

ONE ARROW FIRST NATION

**CONSOLIDATED SUMMARY STATEMENT OF
CHANGES IN MEMBERS' EQUITY**

**FOR THE YEAR ENDED
MARCH 31**

	2014	2013
	\$	\$
RESTRICTED - MEDICAL		
DEFICIT - BEGINNING OF YEAR	(383,346)	(232,700)
Excess (deficiency) of revenue over expenditures for the year	16,284	(150,646)
DEFICIT - END OF YEAR	(367,062)	(383,346)
RESTRICTED - CMHC REPLACEMENT RESERVE		
BALANCE - BEGINNING OF YEAR	862,587	788,787
Required allocation from unrestricted funds for the year	117,180	73,800
BALANCE - END OF YEAR	979,767	862,587
RESTRICTED - TREATY LAND ENTITLEMENT TRUST		
BALANCE - BEGINNING OF YEAR	6,351,531	6,249,325
Excess (deficiency) of revenue over expenditures for the year	(10,839)	97,202
Depreciation	(50)	(63)
Transfer from unrestricted funds	-	5,067
BALANCE - END OF YEAR	6,340,642	6,351,531
RESTRICTED - AANDC TRUST		
BALANCE - BEGINNING OF YEAR	26,847	8,053
Excess of revenue over expenditures for the year	426	18,794
BALANCE - END OF YEAR	27,273	26,847

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY (continued)

**FOR THE YEAR ENDED
MARCH 31**

	2014	2013
	\$	\$
RESTRICTED - ENTERPRISE FUND		
BALANCE - BEGINNING OF YEAR	2,268,129	2,029,525
Net loss for the year - Sounding Sky Development Inc. (note 13)	(62,150)	(81,105)
Net earnings for the year - One Arrow Developments Limited Partnership (note 16)	1,526,406	1,376,080
Net earnings for the year - Spotted Calf Holdings Ltd. (note 15)	11,029	8,968
Excess (deficiency) of revenue over expenditures for the year - One Arrow Equestrian Centre Inc. (note 14)	7,774	(4,578)
Net earnings for the year - STC Casino Holdings Limited Partnership	72,304	65,430
	1,555,363	1,364,795
Member requests	(522,417)	(607,191)
Excess of revenue over expenditures for the year	1,032,946	757,604
Transfer to unrestricted funds	(870,000)	(519,000)
BALANCE - END OF YEAR	2,431,075	2,268,129
UNRESTRICTED		
BALANCE - BEGINNING OF YEAR	10,530	298,866
Deficiency of revenue over expenditures for the year	(980,649)	(728,469)
Required allocation to CMHC Replacement Reserve for the year	(117,180)	(73,800)
Transfer from Enterprise Fund	870,000	519,000
Transfer to Treaty Land Entitlement Trust	-	(5,067)
BALANCE (DEFICIT) - END OF YEAR	(217,299)	10,530
EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)		
BALANCE - BEGINNING OF YEAR	19,165,866	19,455,717
Purchase of tangible capital assets	862,207	324,719
Proceeds on disposal of tangible capital assets	(27,000)	(8,775)
Gain on disposal of tangible capital assets	2,428	2,959
Principal repayment of long-term debt	444,464	420,831
Depreciation	(1,041,689)	(1,029,585)
Proceeds of long-term debt	(336,488)	-
BALANCE - END OF YEAR	19,069,788	19,165,866

ONE ARROW FIRST NATION

**CONSOLIDATED SUMMARY STATEMENT OF
REVENUE AND EXPENDITURES**

**FOR THE YEAR ENDED
MARCH 31**

	Budget \$	2014 \$	2013 \$
REVENUE			
AANDC (note 21)	6,848,577	6,927,811	7,113,600
Saskatoon Tribal Council	1,548,042	1,659,958	1,479,320
Net earnings for the year - One Arrow Developments Limited Partnership	1,440,000	1,526,406	1,376,080
Other	536,405	634,723	846,123
First Nations Trust	540,000	586,498	568,663
Canada Mortgage and Housing Corporation	453,912	433,308	418,866
Section 69 transfers	305,000	365,000	305,000
AANDC trust fund lease revenue	-	362,988	321,537
Water Security Agency - flood prevention	300,000	331,068	-
Treaty Land Entitlement Trust investment income	193,000	240,425	213,004
Medical Services Branch	189,012	198,550	150,756
Dakota Dunes Community Development Corp.	10,000	137,797	7,500
Equipment loan proceeds	100,000	99,988	-
Fire insurance proceeds	170,000	80,412	-
Net earnings for the year - STC Casino Holdings Limited Partnership	70,000	72,304	65,430
Net earnings for the year - Spotted Calf Holdings Ltd.	8,000	11,029	8,968
Excess (deficiency) of revenue over expenditures -			
One Arrow Equestrian Centre Inc.	1,222	7,774	(4,578)
Unrealized gain (loss) on portfolio investments	-	(25,526)	81,429
Net loss for the year - Sounding Sky Development Inc.	51,000	(62,150)	(81,105)
	12,764,170	13,588,363	12,870,593

EXPENDITURES (excluding transfers) (note 26)

Social maintenance	2,097,330	2,163,237	2,170,247
Education	1,957,122	2,020,792	1,766,793
Community infrastructure	1,614,107	1,729,842	1,153,770
Medical	1,236,023	1,221,240	1,289,710
Social housing	927,541	823,979	736,739
Administration	777,069	712,190	802,362
Post-secondary education	688,176	643,646	504,663
Land, reserves, trusts, culture and recreation	543,615	570,376	527,113
Capital	526,639	576,306	479,197
Enterprise	440,000	522,417	607,191
Special education	357,000	390,925	447,035
Trust	-	365,000	305,000
National child benefit	306,600	321,829	343,838
Treaty Land Entitlement First Nation funds	350,210	313,715	325,424
First Nation employee benefit plans	294,444	294,314	285,861
Economic development	268,940	253,167	430,754
Student transportation services	254,436	220,449	154,202
Environmental site assessment	68,000	71,545	37,415
Justice program	65,600	67,813	67,360
First Nation land management	58,300	54,668	27,253

ONE ARROW FIRST NATION

**CONSOLIDATED SUMMARY STATEMENT OF
REVENUE AND EXPENDITURES (continued)**

**FOR THE YEAR ENDED
MARCH 31**

	Budget \$	2014 \$	2013 \$
EXPENDITURES (excluding transfers) (continued)			
Enhanced teacher salaries	47,000	48,141	89,110
Quality of life	40,800	44,383	66,079
Adult education and labour development	45,600	41,668	8,051
Professional and institutional development	60,000	30,842	-
Skills link	11,300	11,285	28,347
Summer work experience	7,200	7,164	10,303
Water treatment plant expansion capital	-	7,108	200,184
Treaty Land Entitlement Trust	-	2,154	3,115
Raw water pumping upgrade capital	-	-	8,992
	13,043,052	13,530,195	12,876,108
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR			
	(278,882)	58,168	(5,515)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR ALLOCATED TO:			
Restricted fund - Medical	16,284	(150,646)	
Restricted fund - Treaty Land Entitlement Trust	(10,839)	97,202	
Restricted fund - AANDC trust	426	18,794	
Restricted fund - Enterprise fund	1,032,946	757,604	
Unrestricted fund	(980,649)	(728,469)	
	58,168	(5,515)	

ONE ARROW FIRST NATION

**CONSOLIDATED SUMMARY STATEMENT OF
CHANGE IN NET FINANCIAL ASSETS**

**FOR THE YEAR ENDED
MARCH 31**

	2014	2013
	\$	\$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR		
Purchase of tangible capital assets included in expenditures	58,168	(5,515)
Depreciation	862,207	324,719
Depreciation of treaty land entitlement trust tangible capital assets	(1,041,689)	(1,029,585)
Proceeds on disposal of tangible capital assets	(27,000)	(8,775)
Gain on disposal of tangible capital assets	2,428	2,959
Proceeds of long-term debt	(336,488)	-
Principal repayment of long-term debt included in expenditures	444,464	420,831
	(37,960)	(295,429)
TANGIBLE CAPITAL ASSETS		
Purchase of tangible capital assets	(862,207)	(324,719)
Proceeds on disposal of tangible capital assets	27,000	8,775
Gain on disposal of tangible capital assets	(2,428)	(2,959)
Depreciation	1,041,689	1,029,585
Depreciation of treaty land entitlement trust tangible capital assets	50	63
	204,104	710,745
NON-FINANCIAL ASSETS		
Decrease in prepaid expenditures	1,389	7,993
Horse inventory sold in the year	-	10,100
	1,389	18,093
CHANGE IN NET FINANCIAL ASSETS	167,533	433,409
NET FINANCIAL ASSETS - BEGINNING OF YEAR	3,822,476	3,389,067
NET FINANCIAL ASSETS - END OF YEAR	3,990,009	3,822,476

ONE ARROW FIRST NATION

**CONSOLIDATED SUMMARY STATEMENT OF
CASH FLOWS**

**FOR THE YEAR ENDED
MARCH 31**

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	58,168	(5,515)
Items not affecting cash -		
Net loss for the year - Sounding Sky Development Inc.	62,150	81,105
Net earnings for the year - One Arrow Developments Limited Partnership	(1,526,406)	(1,376,080)
Net earnings for the year - Spotted Calf Holdings Ltd.	(11,029)	(8,968)
Net earnings for the year - STC Casino Holdings Limited Partnership	(72,304)	(65,430)
Excess (deficiency) of revenue over expenditures for the year - One Arrow Equestrian Centre Inc.	(7,774)	4,578
	(1,497,195)	(1,370,310)
Changes in non-cash working capital items -		
Accounts receivable	32,086	(67,903)
Due from other government organizations	158,687	(373,238)
Prepaid expenditures	1,389	7,993
Horse inventory	-	10,100
Trust funds	(426)	(18,793)
Accounts payable and accrued liabilities	59,221	412,275
Due to other government organizations	(40,937)	49,687
Deferred revenue	(72,378)	(225,805)
Adjustments for capital transactions included in operations -		
Tangible capital assets acquired from operations (net of debt)	525,719	324,719
Principal repayment of long-term debt	444,464	420,831
Proceeds on disposal of tangible capital assets	(27,000)	(8,775)
Cash Used In Operating Activities	(416,370)	(839,219)
FINANCING ACTIVITIES		
Principal repayment of long-term debt	(444,464)	(420,831)
Proceeds of long-term debt	336,488	-
Cash Used In Financing Activities	(107,976)	(420,831)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(862,207)	(324,719)
Proceeds on disposal of tangible capital assets	27,000	8,775
Advances to Sounding Sky Development Inc.	(16,466)	35,773
Advances to One Arrow Equestrian Centre Inc.	26,735	(20,430)
Advances to Spotted Calf Holdings Ltd.	4,595	2,420
Drawings from One Arrow Developments Limited Partnership	1,453,437	1,552,037
Drawings from STC Casino Holdings Limited Partnership	72,304	65,430
Change in non-cash working capital item -		
Accounts payable and accrued liabilities	(12,720)	12,720
Cash Provided By Investing Activities	692,678	1,332,006

ONE ARROW FIRST NATION**CONSOLIDATED SUMMARY STATEMENT OF
CASH FLOWS (continued)****FOR THE YEAR ENDED
MARCH 31**

	2014	2013
	\$	\$
INCREASE IN CASH POSITION	168,332	71,956
CASH POSITION - BEGINNING OF YEAR	6,906,235	6,834,279
CASH POSITION - END OF YEAR	7,074,567	6,906,235
CASH POSITION CONSISTS OF:		
Restricted cash and portfolio investments	6,413,637	6,422,308
Restricted savings	917,657	763,450
Restricted cash - capital	328,510	418,613
Bank overdraft	(585,237)	(698,136)
	7,074,567	6,906,235

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated summary financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, which encompasses the following principles:

a) *Fund Accounting*

One Arrow First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary statements. One Arrow First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Social Housing Fund which reports the social housing assets of the First Nation together with related activities.
- The Capital Fund which reports the tangible capital assets of the First Nation together with their related financing.
- The Trust Fund which reports the First Nation's activity in trust funds. The Treaty Land Entitlement Trust Fund was created July 6, 1993 to administer funds provided to allow the First Nation to purchase its shortfall acres. Once these properties achieve reserve status they are transferred to the First Nation.
- The Enterprise Fund which reports the First Nation's investments in related entities together with related activities.

b) *Reporting Entity and Principles of Financial Reporting*

The One Arrow First Nation reporting entity includes the One Arrow First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

All inter-fund balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions within funds have not necessarily been eliminated on the individual schedules.

Long-term investments in non-controlled entities are recorded at the lower of cost and net realizable value.

c) *Tangible Capital Assets Acquired After March 31, 1996*

Property, equipment and infrastructure expenditures incurred after March 31, 1996 are valued at acquisition cost and recorded in the Capital Fund. All other capital expenditures incurred prior to April 1, 1996 are not reflected in the Capital Fund.

The acquisition cost of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity in Tangible Capital Assets.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets acquired as part of the Social Housing Fund are recorded as assets of that fund.

d) Depreciation

Tangible capital assets are depreciated annually with a corresponding reduction in Equity in Tangible Capital Assets. Tangible capital assets are depreciated over their expected useful life using the declining balance method at the following annual rates:

Housing and housing renovations	5%
Community buildings, subdivision, municipal services and gas bar	4 - 5%
Equipment	20%
Automotive equipment	30%

In the year of acquisition, 50% of the normal depreciation is recorded. Tangible capital assets under construction are not depreciated until they are substantially complete and available for productive use.

e) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

Rental income is recognized as earned pursuant to the applicable rental agreement. Interest and investment income is recognized as earned based on the terms of the underlying investment. Income from various events is recognized when the event is held. Income from user fees is recognized when the service is provided to the user.

Portfolio Investments

Portfolio investments are valued at fair market value as it is considered to be the most relevant measure for financial instruments. Fair value is determined by published price quotations in an active market.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)***Long-Term Investments***

The investments in Sounding Sky Development Inc., One Arrow Equestrian Centre Inc., Spotted Calf Holdings Ltd. and One Arrow Developments Limited Partnership are reported using the modified equity basis given that these entities are not considered to be an extension of the general First Nation operations. Sounding Sky Development Inc., Spotted Calf Holdings Ltd. and One Arrow Developments Limited Partnership were created to carry out many of the First Nation's economic development activities.

One Arrow Equestrian Centre Inc. is a non-profit entity that was incorporated to administer an equine assisted learning program to foster human development.

Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenditures during the year. Significant estimates in the current year financial statements include the estimate for depreciation of tangible capital assets and management's estimate of the allowance for doubtful accounts. Actual results could differ from estimates.

2. FINANCIAL INSTRUMENTS***Restricted Cash and Portfolio Investments***

Restricted cash and portfolio investments include mutual funds managed by Phillips, Hager & North Investment Management. Portfolio investments are valued at fair market value as it is considered to be the most relevant measure for financial instruments. Fair value is determined by published price quotations in an active market. These funds were received as part of the First Nation's Treaty Land Entitlement agreement and are subject to the terms of that agreement.

Restricted Savings

Restricted savings are to be held to fund the replacement reserve account as required under the terms of the agreement with Canada Mortgage and Housing Corporation (CMHC). The replacement reserve is maintained to provide for future asset replacement and funds in the account may only be used as approved by CMHC. At March 31, 2014, the replacement reserve was underfunded by \$62,110 (2013 - \$99,137).

Financial Instruments

Due to the short-term nature of all financial instruments other than long-term investments and long-term debt, the carrying values as presented in the financial statements are reasonable estimates of fair value. As is true for all estimates, actual fair value could differ from this estimate and, if so, any difference would be accounted for in the period in which it becomes known. Since long-term investments and long-term debt are not traded in an organized financial market, it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability.

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2014

3. ACCOUNTS RECEIVABLE

	2014	2013
	\$	\$
First Nation member advances	162,757	443,869
GST receivable	9,052	9,048
Other	49,361	135,513
	221,170	588,430
Less: allowance for doubtful accounts	22,554	357,728
	198,616	230,702

The amount of member advances recovered in the year was \$69,767 (2013 - \$2,417). The amount of GST receivable expensed in the year was nil (2013 - \$20,644) and the amount written off as uncollectible was nil (2013 - \$101,657).

4. DUE FROM OTHER GOVERNMENT ORGANIZATIONS

	2014	2013
	\$	\$
Saskatoon Tribal Council (STC)	542,259	440,634
AANDC	26,385	200,064
Canada Housing and Mortgage Corporation	-	202,777
Health Canada	-	4,244
Less: allowance for doubtful accounts (STC)	(37,201)	(157,589)
	531,443	690,130

The amount of old project funding from STC set up as doubtful in the current year was nil (2013 - \$37,081).

5. LONG-TERM INVESTMENTS

	2014	2013
	\$	\$
SDC Development Corporation -		
1 Class C common share	1	1
50,548 Class B common shares	-	-
9,742 Class D preferred shares	-	-
	1	1
First Nations Bank of Canada	1,000	1,000
STC Casino Holdings Limited Partnership	5,500	5,500
STC Casino Holdings Corporation -		
10 Class A common shares	1	1
	6,502	6,502

6. TREATY LAND ENTITLEMENT TRUST TANGIBLE CAPITAL ASSETS

The following are tangible capital assets of the One Arrow Treaty Land Entitlement Trust:

	Cost \$	Accumulated Depreciation \$	Net Book Value 2014 \$	Net Book Value 2013 \$
Equipment	7,541	7,339	202	252

7. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	Net Book Value 2014 \$	Net Book Value 2013 \$
Land	4,266,719	-	4,266,719	4,266,719
Land - The Grand Council Of The Willow Cree Inc.	93,800	-	93,800	93,800
Housing	8,486,908	2,974,706	5,512,202	5,544,689
Housing transferred from TLE Trust	1,414,961	678,939	736,022	774,760
Buildings transferred from TLE Trust	395,000	201,861	193,139	203,304
Equipment	1,081,125	778,100	303,025	241,763
Automotive equipment	1,503,857	1,041,860	461,997	214,250
Subdivision	4,007,729	1,172,534	2,835,195	2,953,328
Housing renovations	1,060,426	507,371	553,055	570,675
Community buildings	5,593,498	2,156,545	3,436,953	3,580,159
Municipal services	7,259,971	1,475,160	5,784,811	5,933,974
Gas bar	134,860	49,648	85,212	88,763
	35,298,854	11,036,724	24,262,130	24,466,184

The Grand Council Of The Willow Cree Inc. was founded to administer the land and buildings known formerly as St. Michael's Indian Student Residence Inc. This property was set aside for the joint use and benefit of Beardy's and Okemasis First Nation and One Arrow First Nation.

8. BANK OVERDRAFT

The bank overdraft is secured by a general security agreement over One Arrow First Nation assets as well as a general security agreement over One Arrow Developments Limited Partnership assets. The overdraft bears interest at a floating rate based on RBC Royal Bank prime plus 1.5%. The First Nation's total available overdraft is \$400,000 (2013 - \$400,000). The terms of the overdraft are renegotiated from time to time.

The RBC Royal Bank prime rate at March 31, 2014 was 3%.

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2014

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
	\$	\$
Trade payables	634,865	536,912
Employee benefits payable (note 10)	64,318	114,312
Other accrued liabilities	28,086	29,544
	727,269	680,768

10. EMPLOYEE BENEFIT OBLIGATIONS

Pension Plan

The First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 7.6% of their salary and the First Nation matches this 7.6% contribution. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2014.

Other Employee Benefits

The First Nation does not pay vacation pay or overtime to its employees. Employees are required to take time off for vacation and are not allowed to carry forward unused vacation days. The First Nation also provides extended health, dental, disability and life insurance benefits to eligible employees. Employees are only eligible for plan benefits while they are employed by the First Nation and the First Nation has no obligation for retired or past employees.

During the year, the First Nation contributed \$329,430 (2013 - \$314,284) for retirement benefits and other employee benefits.

11. DUE TO OTHER GOVERNMENT ORGANIZATIONS

	2014	2013
	\$	\$
AANDC	44,784	67,727
Saskatoon Tribal Council	7,019	25,013
	51,803	92,740

12. DEFERRED REVENUE

	2014	2013
	\$	\$
AANDC	242,013	379,862
Fire insurance proceeds	99,180	36,775
Saskatoon Tribal Council	38,855	35,789
	380,048	452,426

ONE ARROW FIRST NATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED****MARCH 31, 2014****13. INVESTMENT IN SOUNDING SKY DEVELOPMENT INC.**

	2014 \$	2013 \$
1 Class A common share (100% of issued shares)	1	1
Advances receivable (net of deficit) from Sounding Sky Development Inc.	405,193	450,877
	405,194	450,878

Sounding Sky Development Inc. - summary financial information as at March 31:

	2014 \$	2013 \$
Assets	481,108	503,057
Liabilities	1,480,747	1,440,546
Revenue	1,631,303	1,466,470
Expenditures	1,693,453	1,547,575
Net loss for the year	(62,150)	(81,105)

14. INVESTMENT IN ONE ARROW EQUESTRIAN CENTRE INC.

	2014 \$	2013 \$
Advances receivable (net of deficit) from One Arrow Equestrian Centre Inc.	496,393	515,354

One Arrow Equestrian Centre Inc. - summary financial information as at March 31:

	2014 \$	2013 \$
Assets	496,393	515,354
Liabilities	535,380	562,116
Revenue	343,747	316,323
Expenditures	335,973	320,901
Excess (deficiency) of revenue over expenditures for the year	7,774	(4,578)

15. INVESTMENT IN SPOTTED CALF HOLDINGS LTD.

	2014 \$	2013 \$
100 Class A common shares (100% of shares issued)	100	100
Advances receivable (including equity) from Spotted Calf Holdings Ltd.	342,163	335,729
	342,263	335,829

Spotted Calf Holdings Ltd. - summary financial information as at March 31:

	2014 \$	2013 \$
Assets	1,142,851	1,171,844
Liabilities	1,095,112	1,135,134
Revenue	134,700	129,883
Expenditures	123,671	116,613
Calculation of net earnings for the year -		
Net earnings for the year	11,029	13,270
Prior period adjustment	(4,302)	
Net earnings as reported on summary statement	11,029	8,968

16. INVESTMENT IN ONE ARROW DEVELOPMENTS LIMITED PARTNERSHIP

	2014 \$	2013 \$
Partnership equity	1,259,221	1,186,252

One Arrow Developments Limited Partnership - summary financial information as at March 31:

	2014 \$	2013 \$
Assets	1,742,169	1,784,443
Liabilities	482,936	598,181
Revenue	11,847,471	12,083,484
Expenditures	10,321,063	10,707,403
Net earnings for the year	1,526,408	1,376,081
Net earnings for the year allocated to One Arrow First Nation as reported on summary statement	1,526,406	1,376,080

17. LONG-TERM DEBT

	2014 \$	2013 \$
1.98% CMHC mortgage, payable in blended monthly instalments of \$12,211, due for renewal May, 2019, secured by a ministerial guarantee on a housing project	1,912,636	2,020,103
1.71% CMHC mortgage, payable in blended monthly instalments of \$8,631, due for renewal September, 2017, secured by a ministerial guarantee on a housing project	1,234,471	1,316,250
2.65% CMHC mortgage, payable in blended monthly instalments of \$2,950, due for renewal April, 2016, secured by a ministerial guarantee on a housing project	363,828	389,273
2.57% CMHC mortgage, payable in blended monthly instalments of \$2,214, due for renewal December, 2014, secured by a ministerial guarantee on a housing project	342,597	360,157
1.67% CMHC mortgage, payable in blended monthly instalments of \$1,912, due for renewal April, 2017, secured by a ministerial guarantee on a housing project	268,054	286,372
1.16% CMHC mortgage, payable in blended monthly instalments of \$1,261, due for renewal October, 2018, secured by a ministerial guarantee on a housing project	236,500	-
1.67% CMHC mortgage, payable in blended monthly instalments of \$1,263, due for renewal June, 2018, secured by a ministerial guarantee on a housing project	191,127	202,658
2.75% CMHC mortgage, payable in blended monthly instalments of \$1,150, due for renewal February, 2016, secured by a ministerial guarantee on a housing project	138,572	148,440
4.02% RBC Royal Bank term loan, payable in blended monthly instalments of \$8,245, due for renewal June, 2015, secured by a general security agreement and a security interest in all property of One Arrow Developments Limited Partnership	120,288	212,319
4.95% Peace Hills Trust mortgage, payable in blended monthly instalments of \$2,456, due for renewal July, 2017, secured by a ministerial guarantee on a housing project	89,757	113,950
4.6% RBC Royal Bank finance contract, payable in blended monthly instalments of \$1,870, due May, 2018, secured by specific equipment	84,245	-

17. LONG-TERM DEBT (continued)

	2014	2013
	\$	\$
1.82% CMHC mortgage, payable in blended monthly instalments of \$786, due for renewal September, 2019, secured by a ministerial guarantee on a housing project	84,211	91,357
3.95% Peace Hills Trust mortgage, payable in blended monthly instalments of \$1,595, due for renewal March, 2018, secured by a ministerial guarantee on a housing project	70,876	86,756
1.82% CMHC mortgage, payable in blended monthly instalments of \$285, due for renewal September, 2019, secured by a ministerial guarantee on a housing project	31,198	33,773
3.95% Peace Hills Trust mortgage, payable in blended monthly instalments of \$1,095, due for renewal February, 2016, secured by a ministerial guarantee on a housing project	23,982	35,636
8.02% John Deere Credit finance contract	3,274	
	5,192,342	5,300,318
Less: current portion	466,800	428,400
	4,725,542	4,871,918

The principal payments required in each of the next five years to meet retirement provisions are as follows:

	\$
Year ending March 31, 2015	466,800
2016	406,000
2017	379,000
2018	367,400
2019	327,500

18. CONTINGENT LIABILITIES

One Arrow First Nation has entered into contribution agreements with AANDC. Funding received under these agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. The First Nation has guaranteed the bank overdraft of Sounding Sky Development Inc. to a maximum amount of \$50,000. The overdraft bears interest at RBC Royal Bank prime plus 1.5%. The total outstanding overdraft balance as at March 31, 2014 in Sounding Sky Development Inc. is \$18,721 (2013 - nil). In addition, the First Nation has guaranteed the bank overdraft of One Arrow Developments Limited Partnership to a maximum amount of \$250,000. The overdraft bears interest at RBC Royal Bank prime plus 1.5%. The total outstanding overdraft balance as at March 31, 2014 in One Arrow Developments Limited Partnership is \$98,798 (2013 - \$199,105).

19. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$117,180 for the year ended March 31, 2014 (2013 - \$73,800). These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved.

20. FEDERAL ASSISTANCE PAYMENTS

The Social Housing project receives federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received for the year ending March 31, 2014 was \$402,142 (2013 - \$418,162).

21. AANDC GRANTS AND CONTRIBUTION RECONCILIATION

	2014	2013
	\$	\$
AANDC grants and contributions per confirmation	6,808,331	7,030,536
2014 deferred revenue	(242,013)	-
2013 deferred revenue	379,862	(379,862)
2012 deferred revenue	-	607,156
Closing accounts receivable not on confirmation - firefighting costs received subsequent to yearend	26,385	-
Opening accounts receivable not on confirmation	-	(32,250)
Accounts payable recoveries in the year	(44,784)	(67,728)
Adjustment for social assistance clawback	30	(44,252)
 AANDC grants and contributions per financial statements	 6,927,811	 7,113,600

22. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised as follows:

	2014	2013
	\$	\$
Net book value of tangible capital assets	24,262,130	24,466,184
Less: long-term debt	(5,192,342)	(5,300,318)
 19,069,788	 19,165,866	

23. ECONOMIC DEPENDENCE

One Arrow First Nation is economically dependant upon Aboriginal Affairs and Northern Development Canada (AANDC) for a major portion of its funding.

24. BUDGET INFORMATION

The budget information disclosed has been approved by the First Nation's Chief and Council.

25. COMPARATIVE FIGURES

Prior year's comparative figures have been reclassified where necessary to conform to the current year's presentation.

26. EXPENSES BY CATEGORY

	2014	2013
	\$	\$
Wages and honoraria	4,185,834	4,296,436
Social assistance	2,059,821	2,040,047
Repairs and maintenance	847,693	809,533
Programming	802,219	444,770
Purchase of tangible capital assets	655,206	324,719
Member requests	522,417	607,191
Principal payments on long-term debt	428,721	420,831
Telephone, water supply and utilities	415,432	360,458
Travel	411,116	385,327
Materials, supplies and services	398,479	472,667
Section 69 transfers	365,000	305,000
Student allowances	339,353	322,092
Employee benefits	329,430	314,284
Automotive operating costs	248,217	222,871
Tuition	233,153	107,733
Payments to band members	209,426	174,220
Interest and bank charges	187,474	186,091
Fees and contract services	180,119	156,846
Insurance	161,216	117,566
Recreational activities	119,612	88,468
Community gatherings	114,661	142,442
Professional fees	92,734	92,671
Economic development	84,609	66,342
Housing utility subsidies	68,103	80,228
Funerals	61,625	48,622
Conferences and meetings	57,643	85,135
Education	51,732	54,818
Other	46,902	50,339
Equipment and building rental	32,907	29,204
Professional development and training	9,496	13,849
Bad debt expense (recovery)	(190,155)	55,308
	13,530,195	12,876,108