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**ONE ARROW FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED MARCH 31, 2015**

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**Heagy Altrogge Matchett & Partners LLP**  
CHARTERED PROFESSIONAL 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 Professional Accountants in accordance with Canadian auditing standards on behalf of the members. Heagy Altrogge Matchett & Partners LLP, Chartered Professional Accountants have full and free access to the financial management of the First Nation.

"Kirk Matchap" \_\_\_\_\_ Chief

"Delvis Matchap" \_\_\_\_\_ Councillor

**INDEPENDENT AUDITORS' REPORT**

Clare E. Heagy, F.C.A. (Retired)  
Richard D. Altrogge, B.Comm., CPA, CA (Retired)  
Richard D. Matchett, B.Comm., CPA, CA  
Alan S. Ashdown, B.Comm., CPA, CA  
James R. Schemenauer, B.Comm., CPA, CA

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, 2015 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, 2015 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.

### **Schedules and Supplementary Information**

The schedules and supplementary information contained in the accompanying consolidated financial statements for the operating, social housing, capital, trust and enterprise funds are presented for purposes of additional information to the membership and Aboriginal Affairs and Northern Development Canada (AANDC). This information has not been audited other than in the course of our audit of the consolidated summary financial statements to the extent necessary to allow us to render an opinion thereon.



CHARTERED PROFESSIONAL ACCOUNTANTS  
October 1, 2015

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2015 \$	2014 \$
<b>FINANCIAL ASSETS (notes 8 and 17)</b>		
<b>CURRENT FINANCIAL ASSETS</b>		
Restricted cash and portfolio investments (note 2)	6,756,382	6,413,637
Restricted savings (note 2)	1,107,917	917,657
Restricted cash - capital	328,500	328,510
Accounts receivable (note 3)	330,498	198,616
Due from other government organizations (note 4)	447,575	531,443
	<b>8,970,872</b>	<b>8,389,863</b>
<b>OTHER FINANCIAL ASSETS</b>		
Long-term investments (note 5)	6,502	6,502
Investment in Sounding Sky Development Inc. (note 13)	454,148	405,194
Investment in One Arrow Equestrian Centre Inc. (note 14)	497,603	496,393
Investment in Spotted Calf Holdings Ltd. (note 15)	350,350	342,263
Investment in One Arrow Developments Limited		
Partnership (note 16)	1,363,768	1,259,221
Trust funds	13,518	27,272
	<b>2,685,889</b>	<b>2,536,845</b>
<b>TOTAL FINANCIAL ASSETS</b>	<b>11,656,761</b>	<b>10,926,708</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft (note 8)	304,912	585,237
Accounts payable and accrued liabilities (note 9)	1,221,582	727,269
Due to other government organizations (note 11)	74,880	51,803
Deferred revenue (note 12)	612,133	380,048
Current portion of long-term debt	425,900	466,800
	<b>2,639,407</b>	<b>2,211,157</b>
<b>LONG-TERM DEBT (note 17)</b>	<b>4,419,958</b>	<b>4,725,542</b>
<b>CONTINGENT LIABILITIES (note 18)</b>		
<b>TOTAL LIABILITIES</b>	<b>7,059,365</b>	<b>6,936,699</b>
<b>NET FINANCIAL ASSETS</b>	<b>4,597,396</b>	<b>3,990,009</b>
<b>NON-FINANCIAL ASSETS (notes 8 and 17)</b>		
Prepaid expenditures	23,589	11,843
Treaty Land Entitlement Trust tangible capital assets (note 6)	162	202
Tangible capital assets (notes 1, 7 and 17)	23,471,745	24,262,130
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>23,495,496</b>	<b>24,274,175</b>
<b>MEMBERS' EQUITY</b>		
<b>ACCUMULATED MEMBERS' EQUITY</b>	<b>28,092,892</b>	<b>28,264,184</b>
<b>APPROVED BY FIRST NATION COUNCIL</b>		
"Kirk Matchap"	Chief	
"Delvis Matchap"	Councillor	

# ONE ARROW FIRST NATION

## CONSOLIDATED SCHEDULE OF COMPONENTS OF MEMBERS' EQUITY

FOR THE YEAR ENDED  
MARCH 31

	2015 \$	2014 \$
<b>MEMBERS' EQUITY</b>		
RESTRICTED - MEDICAL	(499,651)	(367,062)
RESTRICTED - CMHC REPLACEMENT RESERVE	1,003,876	979,767
RESTRICTED - TREATY LAND ENTITLEMENT TRUST	6,681,019	6,340,642
RESTRICTED - AANDC TRUST	13,519	27,273
RESTRICTED - ENTERPRISE FUND	2,474,717	2,431,075
UNRESTRICTED	(206,475)	(217,299)
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)</b>	<b>18,625,887</b>	<b>19,069,788</b>
	28,092,892	28,264,184

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED  
MARCH 31

	2015	2014
	\$	\$
<b>RESTRICTED - MEDICAL</b>		
<b>DEFICIT - BEGINNING OF YEAR</b>	(367,062)	(383,346)
Excess (deficiency) of revenue over expenditures for the year	(132,589)	16,284
<b>DEFICIT - END OF YEAR</b>	<b>(499,651)</b>	<b>(367,062)</b>
<b>RESTRICTED - CMHC REPLACEMENT RESERVE</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	979,767	862,587
Required allocation from unrestricted funds for the year	24,109	117,180
<b>BALANCE - END OF YEAR</b>	<b>1,003,876</b>	<b>979,767</b>
<b>RESTRICTED - TREATY LAND ENTITLEMENT TRUST</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	6,340,642	6,351,531
Excess (deficiency) of revenue over expenditures for the year	340,417	(10,839)
Depreciation	(40)	(50)
<b>BALANCE - END OF YEAR</b>	<b>6,681,019</b>	<b>6,340,642</b>
<b>RESTRICTED - AANDC TRUST</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	27,273	26,847
Excess (deficiency) of revenue over expenditures for the year	(13,754)	426
<b>BALANCE - END OF YEAR</b>	<b>13,519</b>	<b>27,273</b>

# ONE ARROW FIRST NATION

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

FOR THE YEAR ENDED  
MARCH 31

	2015 \$	2014 \$
<b>RESTRICTED - ENTERPRISE FUND</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	<b>2,431,075</b>	<b>2,268,129</b>
Net earnings (loss) for the year - Sounding Sky Development Inc. (note 13)	65,062	(62,150)
Net earnings for the year - One Arrow Developments Limited Partnership (note 16)	1,542,553	1,526,406
Net earnings for the year - Spotted Calf Holdings Ltd. (note 15)	4,213	11,029
Excess of revenue over expenditures for the year - One Arrow Equestrian Centre Inc. (note 14)	6,399	7,774
Net earnings for the year - STC Casino Holdings Limited Partnership	71,669	72,304
	1,689,896	1,555,363
Member requests	(446,254)	(522,417)
Excess of revenue over expenditures for the year	1,243,642	1,032,946
Transfer to unrestricted funds	(1,200,000)	(870,000)
<b>BALANCE - END OF YEAR</b>	<b>2,474,717</b>	<b>2,431,075</b>
<b>UNRESTRICTED</b>		
<b>BALANCE (DEFICIT) - BEGINNING OF YEAR</b>	<b>(217,299)</b>	<b>10,530</b>
Deficiency of revenue over expenditures for the year	(1,165,067)	(980,649)
Required allocation to CMHC Replacement Reserve for the year	(24,109)	(117,180)
Transfer from Enterprise Fund	1,200,000	870,000
<b>DEFICIT - END OF YEAR</b>	<b>(206,475)</b>	<b>(217,299)</b>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	<b>19,069,788</b>	<b>19,165,866</b>
Purchase of tangible capital assets	306,124	862,207
Proceeds on disposal of tangible capital assets	(31,350)	(27,000)
Gain on disposal of tangible capital assets	3,933	2,428
Principal repayment of long-term debt	481,343	444,464
Depreciation	(1,069,093)	(1,041,689)
Proceeds of long-term debt	(134,858)	(336,488)
<b>BALANCE - END OF YEAR</b>	<b>18,625,887</b>	<b>19,069,788</b>

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED  
MARCH 31

	Budget \$	2015 \$	2014 \$
<b>REVENUE</b>			
AANDC (note 21)	7,048,719	7,177,493	6,927,811
Saskatoon Tribal Council	2,011,005	1,935,123	1,659,958
Net earnings for the year - One Arrow			
Developments Limited Partnership	1,560,000	1,542,553	1,526,406
Other	1,028,220	1,048,397	634,723
First Nations Trust	500,000	574,139	586,498
Canada Mortgage and Housing Corporation	425,389	425,557	433,308
Unrealized gain (loss) on portfolio investments	-	323,152	(25,526)
Dakota Dunes Community Development Corp.	256,500	257,321	137,797
Treaty Land Entitlement Trust investment income	200,000	225,660	240,425
Water Security Agency - flood prevention	205,000	206,806	331,068
Medical Services Branch	167,831	149,378	198,550
Equipment loan proceeds	121,700	121,700	99,988
Fire insurance proceeds	99,180	100,030	80,412
Net earnings for the year - STC Casino Holdings			
Limited Partnership	75,000	71,669	72,304
Section 69 transfers	50,000	66,000	365,000
Net earnings (loss) for the year - Sounding Sky			
Development Inc.	50,000	65,062	(62,150)
AANDC trust fund lease revenue	-	51,229	362,988
Excess of revenue over expenditures - One Arrow			
Equestrian Centre Inc.	(40,667)	6,399	7,774
Net earnings for the year - Spotted Calf Holdings Ltd.	6,000	4,213	11,029
	13,763,877	14,351,881	13,588,363

## EXPENDITURES (excluding transfers) (note 26)

Education	2,081,629	2,253,025	2,020,792
Social maintenance	2,167,288	2,109,211	2,163,237
Community infrastructure	1,587,417	1,722,649	1,729,842
Medical	1,290,176	1,375,693	1,221,240
Social housing	836,881	865,694	823,979
Administration	707,739	714,480	712,190
Post-secondary education	645,900	617,544	643,646
Capital	591,441	574,632	576,306
Land, reserves, trusts, culture and recreation	399,700	530,587	570,376
Enterprise	411,000	446,254	522,417
Special education	397,508	391,786	390,925
National child benefit	356,801	374,756	321,829
Treaty Land Entitlement First Nation funds	303,484	354,952	313,715
First Nation employee benefit plans	336,711	321,034	294,314
Economic development	295,040	310,990	253,167
Enhanced service delivery	442,850	288,144	44,383
Student transportation services	262,700	268,400	220,449
First Nation land management	207,000	250,972	54,668
Environmental site assessment	87,100	87,100	71,545
Trust	-	66,000	365,000
Justice program	63,100	51,314	67,813

# ONE ARROW FIRST NATION

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

FOR THE YEAR ENDED  
MARCH 31

	Budget \$	2015 \$	2014 \$
<b>EXPENDITURES (excluding transfers) (continued)</b>			
Enhanced teacher salaries	48,000	47,550	48,141
Professional and institutional development	26,880	27,295	30,842
Adult education and labour development	29,626	26,910	41,668
Treaty Land Entitlement Trust	-	2,200	2,154
Water treatment plant expansion capital	-	60	7,108
Skills link	18,000	-	11,285
Summer work experience	9,000	-	7,164
	<b>13,602,971</b>	<b>14,079,232</b>	<b>13,530,195</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>160,906</b>	<b>272,649</b>	<b>58,168</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR ALLOCATED TO:</b>			
Restricted fund - Medical	(132,589)	16,284	
Restricted fund - Treaty Land Entitlement Trust	340,417	(10,839)	
Restricted fund - AANDC trust	(13,754)	426	
Restricted fund - Enterprise fund	1,243,642	1,032,946	
Unrestricted fund	(1,165,067)	(980,649)	
	<b>272,649</b>	<b>58,168</b>	

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED  
MARCH 31

	2015 \$	2014 \$
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>		
Purchase of tangible capital assets included in expenditures	272,649	58,168
Depreciation	306,124	862,207
Depreciation of treaty land entitlement trust tangible capital assets	(1,069,093)	(1,041,689)
Proceeds on disposal of tangible capital assets	(31,350)	(27,000)
Gain on disposal of tangible capital assets	3,933	2,428
Proceeds of long-term debt	(134,858)	(336,488)
Principal repayment of long-term debt included in expenditures	481,343	444,464
	<b>(171,292)</b>	<b>(37,960)</b>
<b>TANGIBLE CAPITAL ASSETS</b>		
Purchase of tangible capital assets	(306,124)	(862,207)
Proceeds on disposal of tangible capital assets	31,350	27,000
Gain on disposal of tangible capital assets	(3,933)	(2,428)
Depreciation	1,069,093	1,041,689
Depreciation of treaty land entitlement trust tangible capital assets	40	50
	<b>790,426</b>	<b>204,104</b>
<b>NON-FINANCIAL ASSETS</b>		
Decrease in prepaid expenditures	(11,747)	1,389
	<b>(11,747)</b>	<b>1,389</b>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>607,387</b>	<b>167,533</b>
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<b>3,990,009</b>	<b>3,822,476</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>4,597,396</b>	<b>3,990,009</b>

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED  
MARCH 31

	2015 \$	2014 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	272,649	58,168
Items not affecting cash -		
Net (earnings) loss for the year - Sounding Sky Development Inc.	(65,062)	62,150
Net earnings for the year - One Arrow Developments Limited Partnership	(1,542,553)	(1,526,406)
Net earnings for the year - Spotted Calf Holdings Ltd.	(4,213)	(11,029)
Net earnings for the year - STC Casino Holdings Limited Partnership	(71,669)	(72,304)
Excess of revenue over expenditures for the year - One Arrow Equestrian Centre Inc.	(6,399)	(7,774)
	(1,417,247)	(1,497,195)
Changes in non-cash working capital items -		
Accounts receivable	(131,882)	32,086
Due from other government organizations	83,868	158,687
Prepaid expenditures	(11,746)	1,389
Trust funds	13,754	(426)
Accounts payable and accrued liabilities	494,313	59,221
Due to other government organizations	23,077	(40,937)
Deferred revenue	232,085	(72,378)
Adjustments for capital transactions included in operations -		
Tangible capital assets acquired from operations (net of debt)	171,266	525,719
Principal repayment of long-term debt	481,343	444,464
Proceeds on disposal of tangible capital assets	(31,350)	(27,000)
Cash Used In Operating Activities	(92,519)	(416,370)
<b>FINANCING ACTIVITIES</b>		
Principal repayment of long-term debt	(481,343)	(444,464)
Proceeds of long-term debt	134,858	336,488
Cash Used In Financing Activities	(346,485)	(107,976)
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(306,124)	(862,207)
Proceeds on disposal of tangible capital assets	31,350	27,000
Advances (repayments) to Sounding Sky Development Inc.	16,108	(16,466)
Advances to One Arrow Equestrian Centre Inc.	5,189	26,735
Advances (repayments) to Spotted Calf Holdings Ltd.	(3,874)	4,595
Drawings from One Arrow Developments Limited Partnership	1,438,006	1,453,437
Drawings from STC Casino Holdings Limited Partnership	71,669	72,304
Change in non-cash working capital item -		
Accounts payable and accrued liabilities	-	(12,720)
Cash Provided By Investing Activities	1,252,324	692,678

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS (continued)

**FOR THE YEAR ENDED  
MARCH 31**

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>INCREASE IN CASH POSITION</b>	813,320	168,332
<b>CASH POSITION - BEGINNING OF YEAR</b>	<u>7,074,567</u>	<u>6,906,235</u>
<b>CASH POSITION - END OF YEAR</b>	<b>7,887,887</b>	<b>7,074,567</b>
<b>CASH POSITION CONSISTS OF:</b>		
Restricted cash and portfolio investments	6,756,382	6,413,637
Restricted savings	1,107,917	917,657
Restricted cash - capital	328,500	328,510
Bank overdraft	(304,912)	(585,237)
	<b>7,887,887</b>	<b>7,074,567</b>

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

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### 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 Professional 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.

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

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### 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.

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

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### 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 items subject to estimate and assumptions include the valuation of accounts receivable and the estimated useful lives of tangible capital assets. 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, 2015, the replacement reserve was fully funded (2014 - underfunded by \$62,110).

#### *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, 2015

### 3. ACCOUNTS RECEIVABLE

	2015	2014
	\$	\$
First Nation member advances (schedule 1)	179,002	162,757
Other receivables	120,050	45,818
Dakota Dunes Community Development Corp.	72,000	12,595
	371,052	221,170
Less: allowance for doubtful accounts	<u>40,554</u>	<u>22,554</u>
	330,498	198,616

### 4. DUE FROM OTHER GOVERNMENT ORGANIZATIONS

	2015	2014
	\$	\$
Saskatoon Tribal Council (STC)	418,246	542,259
Health Canada	34,030	-
AANDC	17,684	26,385
	469,960	568,644
Less: allowance for doubtful accounts (STC)	<u>(22,385)</u>	<u>(37,201)</u>
	447,575	531,443

### 5. LONG-TERM INVESTMENTS

	2015	2014
	\$	\$
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

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

### 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 2015 \$	2014 \$
Equipment	7,541	7,379	162	202

### 7. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	Net Book Value 2015 \$	2014 \$
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	3,250,316	5,236,592	5,512,202
Housing transferred from TLE Trust	1,414,961	715,740	699,221	736,022
Buildings transferred from TLE Trust	395,000	211,518	183,482	193,139
Equipment	1,159,100	846,503	312,597	303,025
Automotive equipment	1,681,323	1,183,189	498,134	461,997
Subdivision	4,007,729	1,285,942	2,721,787	2,835,195
Housing renovations	1,060,426	535,711	524,715	553,055
Community buildings	5,593,498	2,294,023	3,299,475	3,436,953
Municipal services	7,259,971	1,706,552	5,553,419	5,784,811
Gas bar	134,860	53,056	81,804	85,212
	<b>35,554,295</b>	<b>12,082,550</b>	<b>23,471,745</b>	<b>24,262,130</b>

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 (2014 - \$400,000). The terms of the overdraft are renegotiated from time to time.

The RBC Royal Bank prime rate at March 31, 2015 was 2.85%.

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

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### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	\$	\$
Trade payables	972,811	634,865
Chief and Council severance accrual (note 10)	150,000	-
Employee benefits payable (note 10)	70,982	64,318
Other accrued liabilities	27,789	28,086
	<hr/>	<hr/>
	1,221,582	727,269

### 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, 2015.

#### *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 \$364,930 (2014 - \$329,430) for retirement benefits and other employee benefits.

#### *Chief and Council severance*

During the year, Chief and Council formalized and approved a severance compensation package that elected members would receive at the end of their service due to retiring or being defeated at election time. At March 31, 2015, the Chief and Council severance accrued liability was \$150,000 (2014 - nil).

### 11. DUE TO OTHER GOVERNMENT ORGANIZATIONS

	2015	2014
	\$	\$
AANDC	69,361	44,784
Saskatoon Tribal Council	5,519	7,019
	<hr/>	<hr/>
	74,880	51,803

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

### 12. DEFERRED REVENUE

	2015	2014
	\$	\$
AANDC	499,633	242,013
Dakota Dunes Community Development Corp.	112,500	-
Fire insurance proceeds	-	99,180
Saskatoon Tribal Council	-	38,855
	<b>612,133</b>	<b>380,048</b>

### 13. INVESTMENT IN SOUNDING SKY DEVELOPMENT INC.

	2015	2014
	\$	\$
1 Class A common share (100% of issued shares)	1	1
Advances receivable (net of deficit) from Sounding Sky Development Inc.	454,147	405,193
	<b>454,148</b>	<b>405,194</b>

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

	2015	2014
	\$	\$
Assets	528,302	481,108
Liabilities	1,462,879	1,480,747
Revenue	1,829,125	1,631,303
Expenditures	1,764,063	1,693,453
Net earnings (loss) for the year	65,062	(62,150)

### 14. INVESTMENT IN ONE ARROW EQUESTRIAN CENTRE INC.

	2015	2014
	\$	\$
Advances receivable (net of deficit) from One Arrow Equestrian Centre Inc.	497,603	496,393

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

	2015	2014
	\$	\$
Assets	497,603	496,393
Liabilities	530,192	535,380
Revenue	350,728	343,747
Expenditures	344,329	335,973
Excess of revenue over expenditures for the year	6,399	7,774

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2015

### 15. INVESTMENT IN SPOTTED CALF HOLDINGS LTD.

	2015 \$	2014 \$
100 Class A common shares (100% of shares issued)	100	100
Advances receivable (including equity) from Spotted Calf Holdings Ltd.	350,250	342,163
	<u>350,350</u>	<u>342,263</u>

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

	2015 \$	2014 \$
Assets	1,112,793	1,142,851
Liabilities	1,060,841	1,095,112
Revenue	130,793	134,700
Expenditures	126,580	123,671
Net earnings as reported on summary statement	4,213	11,029

### 16. INVESTMENT IN ONE ARROW DEVELOPMENTS LIMITED PARTNERSHIP

	2015 \$	2014 \$
Partnership equity	<u>1,363,768</u>	<u>1,259,221</u>

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

	2015 \$	2014 \$
Assets	1,709,675	1,742,169
Liabilities	345,893	482,936
Revenue	10,719,744	11,847,471
Expenditures	9,177,189	10,321,063
Net earnings for the year	1,542,555	1,526,408
Net earnings for the year allocated to One Arrow First Nation as reported on summary statement	1,542,553	1,526,406

**17. LONG-TERM DEBT**

	2015 \$	2014 \$
1.98% CMHC mortgage, payable in blended monthly instalments of \$12,167, due for renewal May, 2019, secured by a ministerial guarantee on a housing project	1,803,313	1,912,636
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	1,151,287	1,234,471
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	337,707	363,828
1.83% CMHC mortgage, payable in blended monthly instalments of \$2,102, due for renewal December, 2019, secured by a ministerial guarantee on a housing project	324,326	342,597
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	249,429	268,054
1.98% CMHC mortgage, payable in blended monthly instalments of \$1,261, due for renewal May, 2019, secured by a ministerial guarantee on a housing project	241,333	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	179,063	191,127
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	128,430	138,572
5.36% RBC Royal Bank finance contract, payable in blended monthly instalments of \$2,317, due July, 2019, secured by specific equipment	107,291	-
1.82% CMHC mortgage, payable in blended monthly instalments of \$758, due for renewal September, 2019, secured by a ministerial guarantee on a housing project	76,739	84,211
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	64,352	89,757

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2015

### 17. LONG-TERM DEBT (continued)

	2015	2014
	\$	\$
4.6% RBC Royal Bank finance contract, payable in blended monthly instalments of \$1,870, due May, 2018, secured by specific equipment	63,667	84,245
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	54,224	70,876
1.82% CMHC mortgage, payable in blended monthly instalments of \$275, due for renewal September, 2019, secured by a ministerial guarantee on a housing project	28,504	31,198
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	24,430	120,288
4.79% 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	11,763	23,982
	<b>4,845,858</b>	<b>5,192,342</b>
<u>Less: current portion</u>	<u>425,900</u>	<u>466,800</u>
	<b>4,419,958</b>	<b>4,725,542</b>

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

	\$
Year ending March 31, 2016	425,900
2017	401,500
2018	391,800
2019	352,400
2020	338,500

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

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### 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, 2015 in Sounding Sky Development Inc. is nil (2014 - \$18,721). 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, 2015 in One Arrow Developments Limited Partnership is \$132,665 (2014 - \$98,798).

### 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 \$24,109 for the year ended March 31, 2015 (2014 - \$117,180). 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, 2015 was \$415,253 (2014 - \$402,142).

### 21. AANDC GRANTS AND CONTRIBUTION RECONCILIATION

	2015	2014
	\$	\$
AANDC grants and contributions per confirmation	7,530,859	6,808,331
2015 deferred revenue	(499,633)	-
2014 deferred revenue	242,013	(242,013)
2013 deferred revenue	-	379,862
Closing accounts receivable not on confirmation -		
firefighting costs received subsequent to yearend	-	26,385
Opening accounts receivable not on confirmation	(26,385)	-
Accounts payable recoveries in the year	(69,361)	(44,784)
Adjustment for social assistance clawback	-	30
 AANDC grants and contributions per financial statements	 7,177,493	 6,927,811

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

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### 22. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised as follows:

	2015	2014
	\$	\$
Net book value of tangible capital assets	23,471,745	24,262,130
Less: long-term debt	<u>(4,845,858)</u>	<u>(5,192,342)</u>
	<u>18,625,887</u>	<u>19,069,788</u>

### 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.

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2015

### 26. EXPENSES BY CATEGORY

	2015	2014
	\$	\$
Wages and honoraria	4,657,252	4,185,834
Social assistance	1,992,180	2,059,821
Repairs and maintenance	1,028,391	847,693
Programming	838,649	802,219
Principal payments on long-term debt	481,343	444,464
Member requests	446,254	522,417
Telephone, water supply and utilities	428,602	415,432
Travel	428,433	411,116
Materials, supplies and services	422,868	398,479
Employee benefits	364,930	329,430
Automotive operating costs	314,416	248,217
Student allowances	312,794	339,353
Fees and contract services	297,710	180,119
Purchase of tangible capital assets	295,087	655,206
Payments to band members	198,509	209,426
Community gatherings	192,011	114,661
Insurance	173,548	161,216
Tuition	170,222	233,153
Interest and bank charges	150,778	171,731
Professional fees	124,184	92,734
Economic development	123,516	84,609
Recreational activities	120,395	119,612
Funerals	93,576	61,625
Conferences and meetings	89,891	57,643
Housing utility subsidies	84,376	68,103
Section 69 transfers	66,000	365,000
Education	55,758	51,732
Professional development and training	48,969	9,496
Other	47,094	46,902
Equipment and building rental	22,281	32,907
Bad debt expense (recovery)	9,215	(190,155)
	14,079,232	13,530,195