

---

**ONE ARROW FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS**

---

**FOR THE YEAR ENDED MARCH 31, 2016**

---

**Heagy Altrogge Matchett & Partners LLP**  
CHARTERED PROFESSIONAL ACCOUNTANTS

# ONE ARROW FIRST NATION

## INDEX

---

<b>TITLE</b>	<b>PAGE</b>
Management's Report	1
Independent Auditors' Report	2 - 3
Consolidated Summary Financial Statements	
- Summary Statement of Financial Position	4
- Schedule of Components of Members' Equity	5
- Summary Statement of Changes in Members' Equity	6 - 7
- Summary Statement of Revenue and Expenditures	8 - 9
- Summary Statement of Change in Net Financial Assets	10
- Summary Statement of Cash Flows	11 - 12
- Notes to Financial Statements	13 - 25

---

## **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

**Heagy Altrogge Matchett & Partners LLP**

CHARTERED PROFESSIONAL ACCOUNTANTS

44 - 305 Idylwyld Drive North  
CP Station  
Saskatoon, Saskatchewan S7L 0A1

Telephone 306 665-7667  
Facsimile 306-652-5567

Clare F. 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

**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, 2016 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, 2016 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 PROFESSIONAL ACCOUNTANTS  
October 7, 2016

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2016 \$	2015 \$
<b>FINANCIAL ASSETS (notes 8 and 17)</b>		
<b>CURRENT FINANCIAL ASSETS</b>		
Cash	68,688	-
Restricted cash and portfolio investments (note 2)	6,040,215	6,756,382
Restricted savings (note 2)	1,193,176	1,107,917
Restricted cash - capital	2,300,874	328,500
Accounts receivable (note 3)	374,756	330,498
Due from other government organizations (note 4)	407,667	447,575
	<u>10,385,376</u>	<u>8,970,872</u>
<b>OTHER FINANCIAL ASSETS</b>		
Long-term investments (note 5)	6,502	6,502
Investment in Sounding Sky Development Inc. (note 13)	473,651	454,148
Investment in One Arrow Equestrian Centre Inc. (note 14)	475,146	497,603
Investment in Spotted Calf Holdings Ltd. (note 15)	363,795	350,350
Investment in One Arrow Developments Limited		
Partnership (note 16)	1,332,218	1,363,768
Trust funds	13,660	13,518
	<u>2,664,972</u>	<u>2,685,889</u>
<b>TOTAL FINANCIAL ASSETS</b>	<b>13,050,348</b>	<b>11,656,761</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft (note 8)	-	304,912
Accounts payable and accrued liabilities (note 9)	3,296,132	1,221,582
Due to other government organizations (note 11)	145,466	74,880
Deferred revenue (note 12)	1,557,681	612,133
Current portion of long-term debt	404,500	425,900
	<u>5,403,779</u>	<u>2,639,407</u>
<b>LONG-TERM DEBT (note 17)</b>	<b>4,013,766</b>	<b>4,419,958</b>
<b>CONTINGENT LIABILITIES (note 18)</b>		
<b>TOTAL LIABILITIES</b>	<b>9,417,545</b>	<b>7,059,365</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,632,803</b>	<b>4,597,396</b>
<b>NON-FINANCIAL ASSETS (notes 8 and 17)</b>		
Prepaid expenditures	19,281	23,589
Treaty Land Entitlement Trust tangible capital assets (note 6)	-	162
Tangible capital assets (notes 1, 7 and 17)	26,674,669	23,471,745
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>26,693,950</b>	<b>23,495,496</b>
<b>MEMBERS' EQUITY</b>		
<b>ACCUMULATED MEMBERS' EQUITY</b>	<b>30,326,753</b>	<b>28,092,892</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

	2016 \$	2015 \$
<b>MEMBERS' EQUITY</b>		
<b>RESTRICTED - MEDICAL</b>	(543,006)	(499,651)
<b>RESTRICTED - CMHC REPLACEMENT RESERVE</b>	1,061,500	1,003,876
<b>RESTRICTED - TREATY LAND ENTITLEMENT TRUST</b>	5,961,235	6,681,019
<b>RESTRICTED - INAC TRUST</b>	13,661	13,519
<b>RESTRICTED - ENTERPRISE FUND</b>	1,819,560	2,474,717
<b>UNRESTRICTED</b>	(242,600)	(206,475)
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)</b>	22,256,403	18,625,887
	<b>30,326,753</b>	<b>28,092,892</b>

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED  
MARCH 31

	2016 \$	2015 \$
<b>RESTRICTED - MEDICAL</b>		
<b>DEFICIT - BEGINNING OF YEAR</b>	(499,651)	(367,062)
Deficiency of revenue over expenditures for the year	(43,355)	(132,589)
<b>DEFICIT - END OF YEAR</b>	<b>(543,006)</b>	<b>(499,651)</b>
<b>RESTRICTED - CMHC REPLACEMENT RESERVE</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	1,003,876	979,767
Required allocation from unrestricted funds for the year (note 19)	57,624	24,109
<b>BALANCE - END OF YEAR</b>	<b>1,061,500</b>	<b>1,003,876</b>
<b>RESTRICTED - TREATY LAND ENTITLEMENT TRUST</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	6,681,019	6,340,642
Excess (deficiency) of revenue over expenditures for the year	(134,129)	340,417
Depreciation	(162)	(40)
Transfer to unrestricted funds	(585,493)	-
<b>BALANCE - END OF YEAR</b>	<b>5,961,235</b>	<b>6,681,019</b>
<b>RESTRICTED - INAC TRUST</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	13,519	27,273
Excess (deficiency) of revenue over expenditures for the year	142	(13,754)
<b>BALANCE - END OF YEAR</b>	<b>13,661</b>	<b>13,519</b>

# ONE ARROW FIRST NATION

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

FOR THE YEAR ENDED  
MARCH 31

	2016 \$	2015 \$
<b>RESTRICTED - ENTERPRISE FUND</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	<b>2,474,717</b>	<b>2,431,075</b>
Net earnings for the year - One Arrow Developments Limited Partnership (note 16)	884,523	1,542,553
Net earnings for the year - Sounding Sky Development Inc. (note 13)	86,378	65,062
Net earnings for the year - STC Casino Holdings Limited Partnership	72,243	71,669
Net earnings for the year - Spotted Calf Holdings Ltd. (note 15)	19,011	4,213
Excess (deficiency) of revenue over expenditures for the year - One Arrow Equestrian Centre Inc. (note 14)	(17,267)	6,399
	1,044,888	1,689,896
Member requests	(300,045)	(446,254)
Excess of revenue over expenditures for the year	744,843	1,243,642
Transfer to unrestricted funds	(1,400,000)	(1,200,000)
<b>BALANCE - END OF YEAR</b>	<b>1,819,560</b>	<b>2,474,717</b>
<b>UNRESTRICTED</b>		
<b>DEFICIT - BEGINNING OF YEAR</b>	<b>(206,475)</b>	<b>(217,299)</b>
Deficiency of revenue over expenditures for the year	(1,963,994)	(1,165,067)
Required allocation to CMHC Replacement Reserve for the year	(57,624)	(24,109)
Transfer from Enterprise Fund	1,400,000	1,200,000
Transfer from Treaty Land Entitlement Trust	585,493	-
<b>DEFICIT - END OF YEAR</b>	<b>(242,600)</b>	<b>(206,475)</b>
<b>EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)</b>		
<b>BALANCE - BEGINNING OF YEAR</b>	<b>18,625,887</b>	<b>19,069,788</b>
Purchase of tangible capital assets	4,244,044	306,124
Proceeds on disposal of tangible capital assets	(5,600)	(31,350)
Gain (loss) on disposal of tangible capital assets	(6,300)	3,933
Principal repayment of long-term debt	427,591	481,343
Depreciation	(1,029,219)	(1,069,093)
Proceeds of long-term debt	-	(134,858)
<b>BALANCE - END OF YEAR</b>	<b>22,256,403</b>	<b>18,625,887</b>

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED  
MARCH 31

	Budget \$	2016 \$	2015 \$
<b>REVENUE</b>			
INAC (note 21)	7,153,046	10,526,306	7,177,493
Saskatoon Tribal Council	1,740,089	1,789,064	1,935,123
Other	1,174,602	895,004	1,048,397
Net earnings for the year - One Arrow Developments Limited Partnership	1,290,000	884,523	1,542,553
First Nations Trust gaming revenue	580,000	630,870	574,139
Canada Mortgage and Housing Corporation	479,466	471,627	425,557
Gain on disposal of portfolio investments	-	403,960	-
Dakota Dunes Community Development Corp.	295,700	306,699	257,321
Medical Services Branch	149,256	168,571	149,378
Fire insurance proceeds	130,000	133,953	100,030
Net earnings for the year - Sounding Sky Development Inc.	48,000	86,378	65,062
Net earnings for the year - STC Casino Holdings Limited Partnership	72,000	72,243	71,669
Treaty Land Entitlement Trust investment income	130,000	70,122	225,660
Net earnings for the year - Spotted Calf Holdings Ltd.	5,000	19,011	4,213
Section 69 transfers	38,000	14,000	66,000
INAC trust fund lease revenue	-	13,821	51,229
Excess (deficiency) of revenue over expenditures -			
One Arrow Equestrian Centre Inc.	(14,413)	(17,267)	6,399
Unrealized gain (loss) on portfolio investments	-	(514,546)	323,152
Water Security Agency - flood prevention	-	-	206,806
Equipment loan proceeds	-	-	121,700
	<b>13,270,746</b>	<b>15,954,339</b>	<b>14,351,881</b>
<b>EXPENDITURES (excluding transfers) (note 26)</b>			
Flood prevention and drainage capital	-	3,537,027	-
Social maintenance	2,060,146	2,110,497	2,109,211
Education	2,014,557	2,097,898	2,260,085
Community infrastructure	1,189,112	1,148,488	1,722,649
Medical	1,291,592	1,307,296	1,375,693
Capital	983,809	1,223,439	574,632
Social housing	859,664	940,258	865,694
Administration	655,272	811,598	714,480
Post-secondary education	654,050	694,605	617,544
Land, reserves, trusts, culture and recreation	720,194	620,760	523,527
Special education	377,500	425,228	391,786
National child benefit	386,400	401,248	374,756
First Nation employee benefit plans	331,840	338,672	321,034
First Nation land management	348,200	327,732	250,972
Enterprise	330,000	300,045	446,254
Treaty Land Entitlement First Nation funds	319,770	278,230	354,952
Enhanced service delivery	231,338	237,023	288,144
Student transportation services	216,686	232,484	268,400
Economic development	137,760	155,252	310,990
Enhanced teacher salaries	47,550	47,500	47,550
Justice program	61,900	40,371	51,314

# ONE ARROW FIRST NATION

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

**FOR THE YEAR ENDED  
MARCH 31**

	<b>Budget \$</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>EXPENDITURES (excluding transfers) (continued)</b>			
Adult education and labour development	28,350	26,517	26,910
Environmental site assessment	29,000	26,464	87,100
Trust	-	14,000	66,000
Professional and institutional development	6,000	6,000	27,295
Treaty Land Entitlement Trust	-	2,200	2,200
Water treatment plant expansion capital	-	-	60
	<b>13,280.690</b>	<b>17,350,832</b>	<b>14,079,232</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>			
	<b>(9,944)</b>	<b>(1,396,493)</b>	<b>272,649</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR ALLOCATED TO:</b>			
Restricted fund - Medical	(43,355)	(132,589)	
Restricted fund - Treaty Land Entitlement Trust	(134,129)	340,417	
Restricted fund - INAC trust	142	(13,754)	
Restricted fund - Enterprise fund	744,843	1,243,642	
Unrestricted fund	(1,963,994)	(1,165,067)	
	<b>(1,396,493)</b>	<b>272,649</b>	

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

**FOR THE YEAR ENDED  
MARCH 31**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>		
Purchase of tangible capital assets included in expenditures	4,244,044	306,124
Depreciation	(1,029,219)	(1,069,093)
Depreciation of treaty land entitlement trust tangible capital assets	(162)	(40)
Proceeds on disposal of tangible capital assets	(5,600)	(31,350)
Gain (loss) on disposal of tangible capital assets	(6,300)	3,933
Proceeds of long-term debt	-	(134,858)
Principal repayment of long-term debt included in expenditures	427,591	481,343
	<u>2,233,861</u>	<u>(171,292)</u>
<b>TANGIBLE CAPITAL ASSETS</b>		
Purchase of tangible capital assets	(4,244,044)	(306,124)
Proceeds on disposal of tangible capital assets	5,600	31,350
Loss (gain) on disposal of tangible capital assets	6,300	(3,933)
Depreciation	1,029,219	1,069,093
Depreciation of treaty land entitlement trust tangible capital assets	162	40
	<u>(3,202,763)</u>	<u>790,426</u>
<b>NON-FINANCIAL ASSETS</b>		
Decrease (increase) in prepaid expenditures	4,309	(11,747)
<b>CHANGE IN NET FINANCIAL ASSETS</b>		
	(964,593)	607,387
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<b>4,597,396</b>	<b>3,990,009</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>3,632,803</b>	<b>4,597,396</b>

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED  
MARCH 31**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenditures for the year	(1,396,493)	272,649
Items not affecting cash -		
Deficiency (excess) of revenue over expenditures for the year - One Arrow Equestrian Centre Inc.	17,267	(6,399)
Net earnings for the year - Spotted Calf Holdings Ltd.	(19,011)	(4,213)
Net earnings for the year - STC Casino Holdings Limited Partnership	(72,243)	(71,669)
Net earnings for the year - Sounding Sky Development Inc.	(86,378)	(65,062)
Net earnings for the year - One Arrow Developments Limited Partnership	<u>(884,523)</u>	<u>(1,542,553)</u>
	(2,441,381)	(1,417,247)
Changes in non-cash working capital items -		
Accounts receivable	(44,258)	(131,882)
Due from other government organizations	39,908	83,868
Prepaid expenditures	4,308	(11,746)
Trust funds	(142)	13,754
Accounts payable and accrued liabilities	(182,185)	494,313
Due to other government organizations	70,586	23,077
Deferred revenue	945,548	232,085
Adjustments for capital transactions included in operations -		
Tangible capital assets acquired from operations (net of debt)	4,244,044	171,266
Principal repayment of long-term debt	427,591	481,343
Proceeds on disposal of tangible capital assets	<u>(5,600)</u>	<u>(31,350)</u>
<b>Cash Provided By (Used In) Operating Activities</b>	<b>3,058,419</b>	<b>(92,519)</b>
<b>FINANCING ACTIVITIES</b>		
Principal repayment of long-term debt	(427,591)	(481,343)
Proceeds of long-term debt	-	134,858
<b>Cash Used In Financing Activities</b>	<b>(427,591)</b>	<b>(346,485)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(4,244,044)	(306,124)
Proceeds on disposal of tangible capital assets	5,600	31,350
Decrease in advances to Sounding Sky Development Inc.	66,875	16,108
Decrease in advances to One Arrow Equestrian Centre Inc.	5,190	5,189
Decrease (increase) in advances to Spotted Calf Holdings Ltd.	5,566	(3,874)
Drawings from One Arrow Developments Limited Partnership	916,073	1,438,006
Drawings from STC Casino Holdings Limited Partnership	72,243	71,669
Change in non-cash working capital item -		
Accounts payable and accrued liabilities	2,256,735	-
<b>Cash Provided By (Used In) Investing Activities</b>	<b>(915,762)</b>	<b>1,252,324</b>

# ONE ARROW FIRST NATION

## CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS (continued)

**FOR THE YEAR ENDED  
MARCH 31**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>INCREASE IN CASH POSITION</b>	1,715,066	813,320
<b>CASH POSITION - BEGINNING OF YEAR</b>	<b>7,887,887</b>	<b>7,074,567</b>
<b>CASH POSITION - END OF YEAR</b>	<b>9,602,953</b>	<b>7,887,887</b>
<b>CASH POSITION CONSISTS OF:</b>		
Restricted cash and portfolio investments	6,040,215	6,756,382
Restricted cash - capital	2,300,874	328,500
Restricted savings	1,193,176	1,107,917
Cash (bank overdraft)	68,688	(304,912)
	9,602,953	7,887,887

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

---

### 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, 2016

---

### 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.

In addition, 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. Finally, 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. During the year, the portfolio investments were sold and the funds are now held as cash in a separate restricted bank account.

#### *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 FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

---

---

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

One Arrow Equestrian Centre Inc. is a non-profit entity that was incorporated to administer an equine assisted learning program to foster human development. In January, 2016, Chief and Council of One Arrow First Nation made the decision to cease active operations of the equestrian centre. They have not made any decisions regarding the future use of its tangible capital assets and whether they will be utilized in any future potential operations.

#### *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. During the year, the portfolio investments were sold and the funds are now held as cash in a separate restricted bank account.

#### *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, 2016, the replacement reserve was fully funded (2015 - fully funded).

#### *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, 2016

---



---

### 3. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
First Nation member advances (schedule 1)	213,868	179,002
Other receivables	117,054	120,050
Dakota Dunes Community Development Corp.	93,112	72,000
	<hr/>	<hr/>
	424,034	371,052
Less: allowance for doubtful accounts	49,278	40,554
	<hr/>	<hr/>
	374,756	330,498

### 4. DUE FROM OTHER GOVERNMENT ORGANIZATIONS

	2016	2015
	\$	\$
Saskatoon Tribal Council (STC)	411,499	418,246
INAC	13,740	17,684
Health Canada	4,813	34,030
	<hr/>	<hr/>
	430,052	469,960
Less: allowance for doubtful accounts (STC)	(22,385)	(22,385)
	<hr/>	<hr/>
	407,667	447,575

### 5. LONG-TERM INVESTMENTS

	2016	2015
	\$	\$
SDC Development Corporation -		
1 Class C common share	1	1
50,548 Class B common shares	-	-
9,742 Class D preferred shares	-	-
	<hr/>	<hr/>
	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
	<hr/>	<hr/>
	6,502	6,502

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

### 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 2016 \$	2015 \$
Equipment	7,541	7,541	-	162

### 7. TANGIBLE CAPITAL ASSETS

	Cost \$	Accumulated Depreciation \$	Net Book Value 2016 \$	2015 \$
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	3,512,146	4,974,762	5,236,592
Housing transferred from TLE Trust	1,414,961	750,701	664,260	699,221
Buildings transferred from TLE Trust	395,000	220,692	174,308	183,482
Equipment	1,200,721	913,185	287,536	312,597
Automotive equipment	1,779,042	1,338,617	440,425	498,134
Subdivision	4,007,729	1,394,813	2,612,916	2,721,787
Housing renovations	1,060,426	562,496	497,930	524,715
Community buildings	6,127,368	2,426,002	3,701,366	3,299,475
Municipal services	10,810,804	1,928,689	8,882,115	5,553,419
Gas bar	134,860	56,328	78,532	81,804
	39,778,338	13,103,669	26,674,669	23,471,745

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.

Community buildings includes \$533,869 of construction costs on a community centre addition and municipal services includes \$3,550,834 of construction costs on a flood prevention drainage ditch. Since these projects were under construction at year end, no depreciation has been recorded.

### 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 (2015 - \$400,000). The terms of the overdraft are renegotiated from time to time.

The RBC Royal Bank prime rate at March 31, 2016 was 2.7%.

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

---



---

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
	\$	\$
Trade payables - capital	2,256,735	-
Trade payables	785,023	972,811
Chief and Council severance accrual (note 10)	187,500	150,000
Employee benefits payable (note 10)	39,160	70,982
Other accrued liabilities	27,714	27,789
	<hr/>	<hr/>
	3,296,132	1,221,582

### 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, 2016.

#### *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 \$382,096 (2015 - \$364,930) for retirement benefits and other employee benefits.

#### *Chief and Council severance*

In the prior 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, 2016, the Chief and Council severance accrued liability was \$187,500 (2015 - \$150,000).

### 11. DUE TO OTHER GOVERNMENT ORGANIZATIONS

	2016	2015
	\$	\$
INAC	143,407	69,361
Saskatoon Tribal Council	2,059	5,519
	<hr/>	<hr/>
	145,466	74,880

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED  
MARCH 31, 2016**

### **12. DEFERRED REVENUE**

	2016	2015
	\$	\$
INAC	1,518,501	499,633
Saskatoon Tribal Council	38,855	-
Other	325	-
Dakota Dunes Community Development Corp.	-	112,500
	<b>1,557,681</b>	<b>612,133</b>

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

	2016	2015
	\$	\$
1 Class A common share (100% of issued shares)	1	1
Advances receivable (net of deficit) from Sounding Sky Development Inc.	473,650	454,147
	<b>473,651</b>	<b>454,148</b>

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

	2016	2015
	\$	\$
Assets	595,838	528,302
Liabilities	1,444,037	1,462,879
Revenue	1,823,400	1,829,125
Expenditures	1,737,022	1,764,063
Net earnings for the year	86,378	65,062

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

	2016	2015
	\$	\$
Advances receivable (net of deficit) from One Arrow Equestrian Centre Inc.	475,146	497,603

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

	2016	2015
	\$	\$
Assets	475,146	497,603
Liabilities	525,002	530,192
Revenue	328,880	350,728
Expenditures	346,147	344,329
Excess (deficiency) of revenue over expenditures for the year	(17,267)	6,399

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

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

	2016 \$	2015 \$
100 Class A common shares (100% of shares issued)	100	100
Advances receivable (including equity) from Spotted Calf Holdings Ltd.	363,695	350,250
	<b>363,795</b>	<b>350,350</b>

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

	2016 \$	2015 \$
Assets	1,091,656	1,112,793
Liabilities	1,020,693	1,060,841
Revenue	136,721	130,793
Expenditures	117,710	126,580
Net earnings for the year	19,011	4,213

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

	2016 \$	2015 \$
Partnership equity	<b>1,332,218</b>	<b>1,363,768</b>

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

	2016 \$	2015 \$
Assets	1,639,555	1,709,675
Liabilities	307,322	345,893
Revenue	9,154,053	10,719,744
Expenditures	8,269,529	9,177,189
Net earnings for the year	884,524	1,542,555
Net earnings for the year allocated to One Arrow First Nation	884,523	1,542,553

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED  
MARCH 31, 2016**

### **17. LONG-TERM DEBT**

	2016 \$	2015 \$
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	1,691,948	1,803,313
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	1,066,717	1,151,287
1.11% CMHC mortgage, payable in blended monthly instalments of \$2,740, due for renewal April, 2021, secured by a ministerial guarantee on a housing project	310,907	337,707
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	304,872	324,326
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	230,878	241,333
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	230,500	249,429
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	166,803	179,063
1.01% CMHC mortgage, payable in blended monthly instalments of \$1,059, due for renewal February, 2021, secured by a ministerial guarantee on a housing project	117,944	128,430
5.36% RBC Royal Bank finance contract, payable in blended monthly instalments of \$2,317, due July, 2019, secured by specific equipment	84,692	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	68,976	76,739
4.6% RBC Royal Bank finance contract, payable in blended monthly instalments of \$1,870, due May, 2018, secured by specific equipment	43,741	63,667

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED  
MARCH 31, 2016**

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

	2016	2015
	\$	\$
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	37,673	64,352
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	36,911	54,224
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	25,704	28,504
4.02% RBC Royal Bank term loan	-	24,430
4.79% Peace Hills Trust mortgage	-	11,763
	<b>4,418,266</b>	<b>4,845,858</b>
Less: current portion	404,500	425,900
	<b>4,013,766</b>	<b>4,419,958</b>

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

	\$
Year ending March 31, 2017	404,500
2018	394,400
2019	352,400
2020	339,600
2021	336,200

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

---

---

### 18. CONTINGENT LIABILITIES

One Arrow First Nation has entered into contribution agreements with INAC. 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, 2016 in Sounding Sky Development Inc. was nil (2015 - 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, 2016 in One Arrow Developments Limited Partnership was \$125,030 (2015 - \$132,665).

### 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 \$57,624 for the year ended March 31, 2016 (2015 - \$24,109). 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, 2016 was \$415,638 (2015 - \$415,253).

### 21. INAC GRANTS AND CONTRIBUTION RECONCILIATION

	2016	2015
	\$	\$
INAC grants and contributions per confirmation	11,724,777	7,530,859
2016 deferred revenue	(1,518,501)	-
2015 deferred revenue	499,633	(499,633)
2014 deferred revenue	-	242,013
Opening accounts receivable not on confirmation	-	(26,385)
Accounts payable recoveries in the year	(137,657)	(69,361)
Adjustment for special education clawback	(41,946)	-
 INAC grants and contributions per financial statements	 10,526,306	 7,177,493

# ONE ARROW FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2016

---

---

### 22. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised as follows:

	2016	2015
	\$	\$
Net book value of tangible capital assets	26,674,669	23,471,745
Less: long-term debt	(4,418,266)	(4,845,858)
	<hr/> 22,256,403	<hr/> 18,625,887

### 23. ECONOMIC DEPENDENCE

One Arrow First Nation is economically dependant upon Indigenous and Northern Affairs Canada (INAC) 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, 2016**

---

### **26. EXPENSES BY CATEGORY**

	2016	2015
	\$	\$
Wages and honoraria	4,514,509	4,664,312
Purchase of tangible capital assets	4,244,044	295,087
Social assistance	1,959,698	1,992,180
Repairs and maintenance	1,268,332	1,028,391
Programming	505,639	838,649
Travel	468,040	428,433
Telephone, water supply and utilities	438,876	428,602
Principal repayment of long-term debt	427,591	481,343
Materials, supplies and services	398,315	415,808
Employee benefits	382,096	364,930
Student allowances	355,059	312,794
Member requests	300,045	446,254
Fees and contract services	283,113	297,710
Automotive operating costs	278,583	314,416
Tuition	205,323	170,222
Insurance	194,927	173,548
Payments to band members	181,551	198,509
Community gatherings	155,132	192,011
Interest and bank charges	145,977	150,778
Recreational activities	145,841	120,395
Professional fees	86,769	124,184
Housing utility subsidies	82,922	84,376
Education	69,977	55,758
Other	62,122	47,094
Conferences and meetings	48,577	89,891
Economic development	45,259	123,516
Funerals	32,720	93,576
Equipment and building rental	28,343	22,281
Professional development and training	18,728	48,969
Section 69 transfers	14,000	66,000
Bad debt expense	8,724	9,215
	<hr/>	<hr/>
	17,350,832	14,079,232