
ONE ARROW FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

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.

"Tricia Sutherland" Chief

"Delvis Matchap" Councillor

Heagy Altrogge Matchett & Partners LLP

CHARTERED PROFESSIONAL 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, 2017 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, 2017 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 6, 2017

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2017 \$	2016 \$
FINANCIAL ASSETS (notes 8 and 17)		
CURRENT FINANCIAL ASSETS		
Cash	-	68,688
Restricted cash (note 2)	2,892,447	6,040,215
Restricted savings (note 2)	1,250,436	1,193,176
Restricted cash - capital	493,363	2,300,874
Accounts receivable (note 3)	499,475	374,756
Due from other government organizations (note 4)	448,567	407,667
	5,584,288	10,385,376
OTHER FINANCIAL ASSETS		
Long-term investments (note 5)	6,502	6,502
Investment in Sounding Sky Development Inc. (note 13)	510,223	473,651
Investment in One Arrow Equestrian Centre Inc. (note 14)	415,331	475,146
Investment in Spotted Calf Holdings Ltd. (note 15)	359,725	363,795
Investment in One Arrow Developments Limited Partnership (note 16)	984,537	1,332,218
Trust funds	26,537	13,660
	2,302,855	2,664,972
TOTAL FINANCIAL ASSETS	7,887,143	13,050,348
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft (note 8)	928,565	-
Accounts payable and accrued liabilities (note 9)	1,389,787	3,296,132
Due to other government organizations (note 11)	167,930	145,466
Deferred revenue (note 12)	738,449	1,557,681
Current portion of long-term debt	407,400	404,500
	3,632,131	5,403,779
LONG-TERM DEBT (note 17)	4,035,862	4,013,766
CONTINGENT LIABILITIES (note 18)		
TOTAL LIABILITIES	7,667,993	9,417,545
NET FINANCIAL ASSETS	219,150	3,632,803
NON-FINANCIAL ASSETS (notes 8 and 17)		
Prepaid expenditures	25,266	19,281
Tangible capital assets (notes 1, 7 and 17)	31,019,465	26,674,669
TOTAL NON-FINANCIAL ASSETS	31,044,731	26,693,950
MEMBERS' EQUITY		
ACCUMULATED MEMBERS' EQUITY	31,263,881	30,326,753

APPROVED BY FIRST NATION COUNCIL

"Tricia Sutherland" Chief
 "Delvis Matchap" Councillor

ONE ARROW FIRST NATION

CONSOLIDATED SCHEDULE OF COMPONENTS OF MEMBERS' EQUITY

FOR THE YEAR ENDED
MARCH 31

	2017	2016
	\$	\$
MEMBERS' EQUITY		
RESTRICTED - MEDICAL	(707,040)	(543,006)
RESTRICTED - CMHC REPLACEMENT RESERVE	1,134,722	1,061,500
RESTRICTED - TREATY LAND ENTITLEMENT TRUST	2,810,986	5,961,235
RESTRICTED - INAC TRUST	26,538	13,661
RESTRICTED - ENTERPRISE FUND	1,464,477	1,819,560
UNRESTRICTED	(42,005)	(242,600)
EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)	26,576,203	22,256,403
	31,263,881	30,326,753

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED
MARCH 31

	2017 \$	2016 \$
RESTRICTED - MEDICAL		
DEFICIT - BEGINNING OF YEAR	(543,006)	(499,651)
Deficiency of revenue over expenditures for the year	(164,034)	(43,355)
DEFICIT - END OF YEAR	(707,040)	(543,006)
RESTRICTED - CMHC REPLACEMENT RESERVE		
BALANCE - BEGINNING OF YEAR	1,061,500	1,003,876
Required allocation from unrestricted funds for the year (note 19)	73,222	57,624
BALANCE - END OF YEAR	1,134,722	1,061,500
RESTRICTED - TREATY LAND ENTITLEMENT TRUST		
BALANCE - BEGINNING OF YEAR	5,961,235	6,681,019
Deficiency of revenue over expenditures for the year	(2,200)	(134,129)
Depreciation	-	(162)
Transfer to unrestricted funds	(3,148,049)	(585,493)
BALANCE - END OF YEAR	2,810,986	5,961,235
RESTRICTED - INAC TRUST		
BALANCE - BEGINNING OF YEAR	13,661	13,519
Excess of revenue over expenditures for the year	12,877	142
BALANCE - END OF YEAR	26,538	13,661

ONE ARROW FIRST NATION

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

**FOR THE YEAR ENDED
MARCH 31**

	2017 \$	2016 \$
RESTRICTED - ENTERPRISE FUND		
BALANCE - BEGINNING OF YEAR	1,819,560	2,474,717
Net earnings for the year - One Arrow Developments Limited Partnership (note 16)	564,194	884,523
Net earnings for the year - Sounding Sky Development Inc. (note 13)	5,090	86,378
Net earnings for the year - STC Casino Holdings Limited Partnership	72,790	72,243
Net earnings for the year - Spotted Calf Holdings Ltd. (note 15)	8,379	19,011
Excess (deficiency) of revenue over expenditures for the year - One Arrow Equestrian Centre Inc. (note 14)	57,082	(17,267)
	707,535	1,044,888
Member requests	(362,618)	(300,045)
Excess of revenue over expenditures for the year	344,917	744,843
Transfer to unrestricted funds	(700,000)	(1,400,000)
BALANCE - END OF YEAR	1,464,477	1,819,560
UNRESTRICTED		
DEFICIT - BEGINNING OF YEAR	(242,600)	(206,475)
Deficiency of revenue over expenditures for the year	(3,574,232)	(1,963,994)
Required allocation to CMHC Replacement Reserve for the year	(73,222)	(57,624)
Transfer from Enterprise Fund	700,000	1,400,000
Transfer from Treaty Land Entitlement Trust	3,148,049	585,493
DEFICIT - END OF YEAR	(42,005)	(242,600)
EQUITY IN TANGIBLE CAPITAL ASSETS (note 22)		
BALANCE - BEGINNING OF YEAR	22,256,403	18,625,887
Purchase of tangible capital assets	5,320,365	4,244,044
Proceeds on disposal of tangible capital assets	-	(5,600)
Loss on disposal of tangible capital assets	-	(6,300)
Principal repayment of long-term debt	405,201	427,591
Depreciation	(975,569)	(1,029,219)
Proceeds of long-term debt	(430,197)	-
BALANCE - END OF YEAR	26,576,203	22,256,403

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF REVENUE AND EXPENDITURES

FOR THE YEAR ENDED
MARCH 31

	Budget \$	2017 \$	2016 \$
REVENUE			
INAC (note 21)	7,531,777	8,692,297	10,526,306
Saskatoon Tribal Council	1,727,258	1,659,022	1,789,064
Other	1,392,289	1,028,239	895,004
First Nations Trust gaming revenue	640,000	593,441	630,870
Net earnings for the year - One Arrow			
Developments Limited Partnership	900,000	564,194	884,523
Dakota Dunes Community Development Corp.	400,700	490,115	306,699
Canada Mortgage and Housing Corporation	703,509	469,175	471,627
Social housing and equipment loan proceeds	750,000	429,211	-
Medical Services Branch	191,571	215,874	168,571
Net earnings for the year - STC Casino Holdings			
Limited Partnership	72,000	72,790	72,243
Excess (deficiency) of revenue over expenditures -			
One Arrow Equestrian Centre Inc.	7,520	57,082	(17,267)
Treaty Land Entitlement Trust investment income	39,600	37,199	70,122
INAC trust fund lease revenue	-	12,550	13,821
Net earnings for the year - Spotted Calf Holdings Ltd.	-	8,379	19,011
Net earnings for the year - Sounding Sky			
Development Inc.	48,000	5,090	86,378
Fire insurance proceeds	-	700	133,953
Gain on disposal of portfolio investments	-	-	403,960
Section 69 transfers	14,000	-	14,000
Unrealized loss on portfolio investments	-	-	(514,546)
	14,418,224	14,335,358	15,954,339
EXPENDITURES (excluding transfers) (note 26)			
Capital	5,431,863	3,981,558	1,209,632
Education	1,899,134	2,026,585	2,097,898
Social maintenance	2,025,887	1,910,915	2,110,497
Community infrastructure	1,339,842	1,318,151	1,148,488
Medical	1,267,378	1,218,757	1,307,296
Flood prevention and drainage capital	-	1,151,312	3,537,027
Administration	696,625	945,299	811,598
Social housing	1,011,187	865,947	940,258
Special education	749,400	686,049	425,228
Post-secondary education	617,342	574,299	694,605
National child benefit	382,000	432,508	401,248
Land, reserves, trusts, culture and recreation	418,544	430,015	620,760
Enterprise	301,000	362,618	300,045
First Nation employee benefit plans	322,120	311,186	338,672
Lagoon expansion capital	-	293,553	13,807
First Nation land management	275,400	271,050	327,732
Treaty Land Entitlement First Nation funds	273,452	240,484	278,230
Enhanced service delivery	213,907	215,727	237,023
Student transportation services	183,260	172,164	232,484
Economic development	126,600	143,093	155,252

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF REVENUE AND EXPENDITURES (continued)

**FOR THE YEAR ENDED
MARCH 31**

	Budget \$	2017 \$	2016 \$
EXPENDITURES (excluding transfers) (continued)			
Enhanced teacher salaries	47,500	48,115	47,500
Adult education and labour development	33,000	45,547	26,517
Justice program	42,100	41,211	40,371
Fire hall capital	40,000	29,687	-
Treaty Land Entitlement Trust	2,200	2,200	2,200
Environmental site assessment	-	-	26,464
Trust	-	-	14,000
Professional and institutional development	36,000	-	6,000
Summer work experience	29,500	-	-
	17,765,241	17,718,030	17,350,832
DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE YEAR	(3,347,017)	(3,382,672)	(1,396,493)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR ALLOCATED TO:			
Restricted fund - Medical		(164,034)	(43,355)
Restricted fund - Treaty Land Entitlement Trust		(2,200)	(134,129)
Restricted fund - INAC trust		12,877	142
Restricted fund - Enterprise fund		344,917	744,843
Unrestricted fund		(3,574,232)	(1,963,994)
		(3,382,672)	(1,396,493)

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

**FOR THE YEAR ENDED
MARCH 31**

	2017 \$	2016 \$
DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE YEAR		
Purchase of tangible capital assets included in expenditures	(3,382,672)	(1,396,493)
Depreciation	5,320,365	4,244,044
Depreciation of treaty land entitlement trust tangible capital assets	(975,569)	(1,029,219)
Proceeds on disposal of tangible capital assets	-	(162)
Loss on disposal of tangible capital assets	-	(5,600)
Proceeds of long-term debt	-	(6,300)
Principal repayment of long-term debt included in expenditures	(430,197)	-
	405,201	427,591
	937,128	2,233,861
TANGIBLE CAPITAL ASSETS		
Purchase of tangible capital assets	(5,320,365)	(4,244,044)
Proceeds on disposal of tangible capital assets	-	5,600
Loss on disposal of tangible capital assets	-	6,300
Depreciation	975,569	1,029,219
Depreciation of treaty land entitlement trust tangible capital assets	-	162
	(4,344,796)	(3,202,763)
NON-FINANCIAL ASSETS		
Decrease (increase) in prepaid expenditures	(5,985)	4,309
CHANGE IN NET FINANCIAL ASSETS	(3,413,653)	(964,593)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	3,632,803	4,597,396
NET FINANCIAL ASSETS - END OF YEAR	219,150	3,632,803

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED
MARCH 31**

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures for the year	(3,382,672)	(1,396,493)
Items not affecting cash -		
Deficiency (excess) of revenue over expenditures for the year - One Arrow Equestrian Centre Inc.	(57,082)	17,267
Net earnings for the year - Spotted Calf Holdings Ltd.	(8,379)	(19,011)
Net earnings for the year - STC Casino Holdings Limited Partnership	(72,790)	(72,243)
Net earnings for the year - Sounding Sky Development Inc.	(5,090)	(86,378)
Net earnings for the year - One Arrow Developments Limited Partnership	(564,194)	(884,523)
	(4,090,207)	(2,441,381)
Changes in non-cash working capital items -		
Accounts receivable	(124,719)	(44,258)
Due from other government organizations	(40,900)	39,908
Prepaid expenditures	(5,985)	4,308
Trust funds	(12,877)	(142)
Accounts payable and accrued liabilities	111,000	(182,185)
Due to other government organizations	22,464	70,586
Deferred revenue	(819,232)	945,548
Adjustments for capital transactions included in operations -		
Tangible capital assets acquired from operations (net of debt)	4,890,168	4,244,044
Principal repayment of long-term debt	405,201	427,591
Proceeds on disposal of tangible capital assets	-	(5,600)
Cash Provided By Operating Activities	334,913	3,058,419
FINANCING ACTIVITIES		
Principal repayment of long-term debt	(405,201)	(427,591)
Proceeds of long-term debt	430,197	-
Cash Provided By (Used In) Financing Activities	24,996	(427,591)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(5,320,365)	(4,244,044)
Proceeds on disposal of tangible capital assets	-	5,600
Decrease (increase) in advances to Sounding Sky Development Inc.	(31,482)	66,875
Decrease in advances to One Arrow Equestrian Centre Inc.	116,897	5,190
Decrease in advances to Spotted Calf Holdings Ltd.	12,449	5,566
Drawings from One Arrow Developments Limited Partnership	911,875	-916,073
Drawings from STC Casino Holdings Limited Partnership	72,790	72,243
Change in non-cash working capital item -		
Accounts payable and accrued liabilities	(2,017,345)	2,256,735
Cash Used In Investing Activities	(6,255,181)	(915,762)

ONE ARROW FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED
MARCH 31

	2017 \$	2016 \$
INCREASE (DECREASE) IN CASH POSITION	(5,895,272)	1,715,066
CASH POSITION - BEGINNING OF YEAR	9,602,953	7,887,887
CASH POSITION - END OF YEAR	3,707,681	9,602,953
CASH POSITION CONSISTS OF:		
Restricted cash	2,892,447	6,040,215
Restricted savings	1,250,436	1,193,176
Restricted cash - capital	493,363	2,300,874
Cash (bank overdraft)	(928,565)	68,688
	3,707,681	9,602,953

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2017

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, 2017

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.

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, 2017

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, the net realizable value of long-term investments and the estimated useful lives of tangible capital assets. Actual results could differ from estimates.

2. FINANCIAL INSTRUMENTS

Restricted Cash

Restricted cash includes funds held in a separate restricted bank account with RBC Royal Bank. 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, 2017, the replacement reserve was fully funded (2016 - 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, 2017**

3. ACCOUNTS RECEIVABLE

	2017 \$	2016 \$
First Nation member advances	288,072	213,868
Dakota Dunes Community Development Corp.	181,815	93,112
Other receivables	114,774	117,054
	584,661	424,034
Less: allowance for doubtful accounts	(85,186)	(49,278)
	499,475	374,756

4. DUE FROM OTHER GOVERNMENT ORGANIZATIONS

	2017 \$	2016 \$
Saskatoon Tribal Council (STC)	470,952	411,499
INAC	-	13,740
Health Canada	-	4,813
	470,952	430,052
Less: allowance for doubtful accounts (STC)	(22,385)	(22,385)
	448,567	407,667

5. LONG-TERM INVESTMENTS

	2017 \$	2016 \$
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, 2017

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	
	\$	\$	2017	2016
			\$	\$
Equipment	7,541	7,541	-	-

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value	
	\$	\$	2017	2016
			\$	\$
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	9,211,168	3,760,884	5,450,284	4,974,762
Housing transferred from TLE Trust	1,414,961	783,914	631,047	664,260
Buildings transferred from TLE Trust	395,000	229,407	165,593	174,308
Equipment	1,256,711	1,062,037	194,674	287,536
Automotive equipment	1,890,541	1,401,723	488,818	440,425
Subdivision	4,007,729	1,499,330	2,508,399	2,612,916
Housing renovations	1,060,426	587,832	472,594	497,930
Community buildings	9,081,432	2,552,702	6,528,730	3,701,366
Municipal services	12,285,356	2,141,940	10,143,416	8,882,115
Gas bar	134,860	59,469	75,391	78,532
	45,098,703	14,079,238	31,019,465	26,674,669

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.

Housing includes \$724,260 (2016- nil) of construction costs relating to a new housing phase, community buildings includes \$3,487,933 (2016 - \$533,869) of construction costs on a community centre addition and municipal services includes \$5,025,385 (2016 - \$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 (2016 - \$400,000). The terms of the overdraft are renegotiated from time to time. The RBC Royal Bank prime rate at March 31, 2017 was 2.7%.

Heagy Altrogge Matchett & Partners LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Trade payables	895,869	785,023
Trade payables - capital	239,391	2,256,735
Chief and Council severance accrual (note 10)	225,000	187,500
Other accrued liabilities	29,527	27,714
Employee benefits payable (note 10)	-	39,160
	1,389,787	3,296,132

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, 2017.

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 \$348,706 (2016 - \$382,096) for retirement benefits and other employee benefits.

Chief and Council severance

In a previous 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, 2017, the Chief and Council severance accrued liability was \$225,000 (2016 - \$187,500).

11. DUE TO OTHER GOVERNMENT ORGANIZATIONS

	2017	2016
	\$	\$
INAC	165,871	143,407
Saskatoon Tribal Council	2,059	2,059
	167,930	145,466

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2017

12. DEFERRED REVENUE

	2017	2016
	\$	\$
INAC	698,247	1,518,501
Saskatoon Tribal Council	40,202	38,855
Other	-	325
	738,449	1,557,681

13. INVESTMENT IN SOUNDING SKY DEVELOPMENT INC.

	2017	2016
	\$	\$
1 Class A common share (100% of issued shares)	1	1
Advances receivable (net of deficit) from Sounding Sky Development Inc.	510,222	473,650
	510,223	473,651

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

	2017	2016
	\$	\$
Assets	593,652	595,838
Liabilities	1,436,761	1,444,037
Revenue	1,818,855	1,823,400
Expenditures	1,813,765	1,737,022
Net earnings for the year	5,090	86,378

14. INVESTMENT IN ONE ARROW EQUESTRIAN CENTRE INC.

	2017	2016
	\$	\$
Advances receivable (net of deficit) from One Arrow Equestrian Centre Inc.	415,331	475,146

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

	2017	2016
	\$	\$
Assets	415,331	475,146
Liabilities	408,105	525,002
Revenue	90,600	328,880
Expenditures	33,518	346,147
Excess (deficiency) of revenue over expenditures for the year	57,082	(17,267)

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
MARCH 31, 2017**

15. INVESTMENT IN SPOTTED CALF HOLDINGS LTD.

	2017 \$	2016 \$
100 Class A common shares (100% of shares issued)	100	100
Advances receivable (including equity) from Spotted Calf Holdings Ltd.	359,625	363,695
	<u>359,725</u>	<u>363,795</u>

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

	2017 \$	2016 \$
Assets	1,050,394	1,091,656
Liabilities	971,052	1,020,693
Revenue	133,957	136,721
Expenditures	125,578	117,710
Net earnings for the year	8,379	19,011

16. INVESTMENT IN ONE ARROW DEVELOPMENTS LIMITED PARTNERSHIP

	2017 \$	2016 \$
Partnership equity	984,537	1,332,218

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

	2017 \$	2016 \$
Assets	1,538,228	1,639,555
Liabilities	553,675	307,322
Revenue	8,529,949	9,154,053
Expenditures	7,965,754	8,269,529
Net earnings for the year	564,195	884,524
Net earnings for the year allocated to One Arrow First Nation	564,194	884,523

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2017

17. LONG-TERM DEBT

	2017 \$	2016 \$
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	1,578,217	1,691,948
1.84% CMHC mortgage, payable in blended monthly instalments of \$8,685, due for renewal September, 2022, secured by a ministerial guarantee on a housing project	980,613	1,066,717
0.71% CMHC mortgage, payable in blended monthly instalments beginning once fully advanced, secured by a ministerial guarantee on a housing project	377,447	-
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	285,034	304,872
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	281,508	310,907
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	220,195	230,878
1.43% CMHC mortgage, payable in blended monthly instalments of \$1,890 due for renewal April, 2022, secured by a ministerial guarantee on a housing project	211,237	230,500
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	154,324	166,803
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	106,370	117,944
5.36% RBC Royal Bank finance contract, payable in blended monthly instalments of \$2,317, due July, 2019, secured by specific equipment	64,867	84,692
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	61,066	68,976
Prime plus 2% RBC Royal Bank loan, payable in blended monthly instalments of \$1,210, due May, 2018, secured by specific equipment	46,662	-

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2017

17. LONG-TERM DEBT (continued)

	2017	2016
	\$	\$
4.6% RBC Royal Bank finance contract, payable in blended monthly instalments of \$1,870, due May, 2018, secured by specific equipment	24,308	43,741
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	22,850	25,704
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	18,903	36,911
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	9,661	37,673
	4,443,262	4,418,266
Less: current portion	407,400	404,500
	4,035,862	4,013,766

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

	\$
Year ending March 31, 2018	407,400
2019	367,200
2020	357,600
2021	343,300
2022	342,200

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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, 2017 in Sounding Sky Development Inc. was nil (2016 - 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, 2017 in One Arrow Developments Limited Partnership was \$286,913 (2016 - \$125,030).

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 \$73,222 for the year ended March 31, 2017 (2016 - \$57,624). 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, 2017 was \$405,527 (2016 - \$415,638).

21. INAC GRANTS AND CONTRIBUTION RECONCILIATION

	2017 \$	2016 \$
INAC grants and contributions per confirmation	7,995,024	11,724,777
Add: deferred revenue from prior year - capital projects	1,474,552	499,633
Add: deferred revenue from prior year - operating projects	44,702	-
Less: revenue deferred during the year - capital projects	(659,000)	(1,398,799)
Less: accounts payable and other recoveries in the year	(162,981)	(137,657)
Less: revenue deferred during the year - operating projects	-	(119,702)
Less: adjustment for special education clawback	-	(41,946)
INAC grants and contributions per financial statements	8,692,297	10,526,306

ONE ARROW FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
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22. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets is comprised as follows:

	2017	2016
	\$	\$
Net book value of tangible capital assets	31,019,465	26,674,669
Less: long-term debt	(4,443,262)	(4,418,266)
	26,576,203	22,256,403

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, 2017

26. EXPENSES BY CATEGORY

	2017	2016
	\$	\$
Purchase of tangible capital assets	5,320,365	4,244,044
Wages and honoraria	4,538,534	4,514,509
Social assistance	1,734,605	1,959,698
Repairs and maintenance	742,999	1,268,332
Programming	500,901	505,639
Travel	491,666	468,040
Telephone, water supply and utilities	430,946	438,876
Materials, supplies and services	422,004	398,315
Principal repayment of long-term debt	405,201	427,591
Member requests	362,618	300,045
Employee benefits	348,706	382,096
Student allowances	311,841	355,059
Fees and contract services	273,628	283,113
Automotive operating costs	240,023	278,583
Community gatherings	222,522	155,132
Insurance	209,115	194,927
Professional fees	202,710	86,769
Tuition	155,543	205,323
Payments to band members	148,951	181,551
Interest and bank charges	135,480	145,977
Economic development	93,541	45,259
Other	86,658	62,122
Recreational activities	79,560	145,841
Funerals	62,793	32,720
Education	59,808	69,977
Housing utility subsidies	39,446	82,922
Bad debt expense	36,618	8,724
Conferences and meetings	36,471	48,577
Equipment and building rental	20,992	28,343
Professional development and training	3,785	18,728
Section 69 transfers	-	14,000
	17,718,030	17,350,832