

Siksika Nation
Consolidated Financial Statements
For the year ended March 31, 2018

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of Siksika Nation (the "Nation") are the responsibility of management and have been approved by Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express an opinion on the consolidated financial statements. The external auditors have access to financial management of the Nation and meet when required.

On behalf of Siksika Nation:

"signed" Ruben Breaker

Councillor

"signed" Alfred Many Heads

Councillor

Independent Auditor's Report

To the Members of Siksika Nation

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Comparative Information

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements, which explains that certain comparative information for the year ended March 31, 2017 has been restated, this includes the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year ended March 31, 2017.

BDO Canada LLP

Chartered Professional Accountants
Calgary, Alberta
July 27, 2018

Siksika Nation
Consolidated Statement of Financial Position

March 31	2018	2017 (Restated Note 3)
Financial assets		
Cash and cash equivalents	\$ 29,465,638	\$ 29,734,546
Restricted cash (Note 4)	3,642,294	2,992,262
Temporary investments (Note 5)	882,286	1,118,377
Accounts receivable (Note 6)	27,136,765	13,319,199
Loans receivable (Note 7)	38,043,791	38,183,791
Inventory for resale	10,377	140,858
Funds held in trust (Note 8)	16,613,326	14,120,939
Siksika Trust (Note 9)	98,511,581	98,409,624
Siksika Heritage Trust (Note 10)	115,942,674	114,843,494
Investment in Nation business entities (Note 11)	<u>4,505,866</u>	<u>8,475,309</u>
	<u>334,754,598</u>	<u>321,338,399</u>
Liabilities		
Accounts payable and accruals (Note 13)	9,866,795	9,390,355
Deferred revenue (Note 12)	14,326,290	13,125,249
Replacement and operating reserves (Note 14)	3,298,843	2,755,120
Long-term debt (Note 15)	<u>35,329,353</u>	<u>34,499,168</u>
	<u>62,821,281</u>	<u>59,769,892</u>
Net financial assets	<u>271,933,317</u>	<u>261,568,507</u>
Non-financial assets		
Tangible capital assets (Note 16)	205,660,943	192,412,538
Prepaid expenses	730,492	589,821
Inventory for consumption	<u>280,000</u>	<u>280,000</u>
	<u>206,671,435</u>	<u>193,282,359</u>
Accumulated surplus (Note 17)	<u>\$ 478,604,752</u>	<u>\$ 454,850,866</u>
Commitments (Note 18)		
Contingent liabilities (Note 19)		
Subsequent events (Note 26)		

Approved on behalf of Chief and Council:

"signed" Ruben Breaker

Councillor

"signed" Alfred Many Heads

Councillor

Siksika Nation
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	Budget 2018 (Note 25)	2018	2017 (Restated Note 3)
Revenue			
Indigenous Services Canada	\$ 48,059,418	\$ 45,758,647	\$ 49,479,530
Band capital funds (Note 12)	910,000	2,024,139	2,919,713
Band revenue funds (Note 12)	3,026,245	2,766,503	3,733,879
First Nation Inuit Health Branch	1,564,847	7,662,847	7,371,953
Castle Mountain Settlement (Note 10)	-	-	123,585,957
Canada Mortgage and Housing Corporation	1,157,813	1,804,322	1,521,479
Community Futures Treaty Seven	3,599,262	3,417,476	3,015,130
Fee for service	-	2,097,198	2,088,002
First Nation Development Fund	1,570,862	1,343,531	1,354,342
Grants - provincial and federal (Note 21)	13,435,640	41,173,337	23,477,503
Interest income	47,392	1,765,304	1,101,828
Land taxes and land use fees	870,000	1,719,917	1,280,809
Other	4,928,676	2,939,008	2,873,950
Insurance proceeds	-	-	93,988
Rental income	802,370	1,056,906	1,175,028
Retail sales	259,866	290,832	265,448
Siksika Heritage Trust revenue (Note 10)	421,960	15,302,427	4,252,257
Siksika Trust revenue (Note 9)	765,000	2,339,797	3,513,174
	81,419,351	133,462,191	233,103,970
Expenses (Notes 22 and 27)			
Administration	1,721,145	1,746,662	1,703,475
Education	27,267,700	27,236,769	25,588,885
Community support services	1,968,729	2,082,040	1,925,002
Economic development	-	1,405,553	1,290,179
Family services	30,932,236	28,180,465	24,782,855
Health services	8,695,844	13,493,467	14,188,382
Housing society	2,941,922	9,427,443	8,322,386
Justice	639,563	1,061,646	1,031,027
Land management	1,718,638	1,346,314	1,254,690
Major projects	1,386,986	7,465,498	5,243,684
Membership	657,305	810,864	30,547,428
Public works	11,102,595	4,794,993	5,328,122
Treasury services	6,640,750	9,255,210	9,904,033
	95,673,413	108,306,924	131,110,148
Annual surplus (deficit) before other items	(14,254,062)	25,155,267	101,993,822
Loss from business enterprises (Note 11)	-	(3,969,443)	(3,373,231)
Increase (decrease) in funds held in trust	-	2,492,387	(6,825,349)
Gain on derecognition of replacement reserves	-	75,675	83,375
Annual surplus (deficit)	(14,254,062)	23,753,886	91,878,617
Accumulated surplus, beginning of year	454,850,866	454,850,866	362,972,249
Accumulated surplus, end of year (Note 17)	\$ 440,596,804	\$ 478,604,752	\$ 454,850,866

Siksika Nation
Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	Budget 2018 (Note 25)	2018	2017 (Restated Note 3)
Annual surplus (deficit)	\$ (14,254,062)	\$ 23,753,886	\$ 91,878,617
Acquisition of tangible capital assets	- (22,737,411)	(25,468,565)	
Amortization of tangible capital assets	- 9,410,588	9,450,341	
Loss on disposal of tangible capital assets	- 78,418	-	
Change in prepaid expenses	- (140,671)	(42,085)	
Change in inventory for consumption	- -	76,750	
Change in funds held in escrow	- -	2,000,000	
Change in net financial assets	(14,254,062)	10,364,810	77,895,058
Net financial assets, beginning of year	<u>261,568,507</u>	<u>261,568,507</u>	<u>183,673,449</u>
Net financial assets, end of year	<u>\$ 247,314,445</u>	<u>\$ 271,933,317</u>	<u>\$ 261,568,507</u>

Siksika Nation
Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017 (Restated Note 3)
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 23,753,886	\$ 91,878,617
Non-cash items included in annual surplus		
Amortization	9,410,588	9,450,341
Bad debts	747,306	951,745
Loss from business enterprises	3,969,443	3,373,231
Accrued interest revenue	1,148,831	-
Loss on disposal of tangible capital assets	<u>78,418</u>	<u>-</u>
	39,108,472	105,653,934
Changes in non-cash working capital balances		
Accounts receivable	(15,573,703)	(2,617,951)
Prepaid expenses	(140,671)	(42,085)
Accounts payable and accruals	476,440	(69,925)
Deferred revenue	1,201,041	6,348,223
Replacement and operating reserves	543,723	137,748
Inventory for resale	<u>130,481</u>	<u>76,750</u>
	<u>25,745,783</u>	<u>109,486,694</u>
Capital activities		
Acquisition of tangible capital assets	<u>(22,737,411)</u>	<u>(25,468,565)</u>
Investing activities		
Restricted cash	(650,032)	272,177
Receipt of funds held in escrow	-	2,000,000
Increase in Siksika Trust	(101,957)	(1,140,448)
(Increase) decrease in Siksika Heritage Trust	(1,099,180)	124,730
(Increase) decrease in funds held in trust	(2,492,387)	6,825,349
Investment in Siksika Heritage Trust	-	(59,984,576)
Investment in business enterprises	-	(2,000,000)
Redemption of temporary investments	236,091	843,774
Loans receivable advanced	-	(34,310,500)
Payments received on loan receivables	<u>-</u>	<u>5,589,709</u>
	<u>(4,107,465)</u>	<u>(81,779,785)</u>
Financing activities		
Advances of long-term debt	3,061,833	28,535,385
Repayment of long-term debt	<u>(2,231,648)</u>	<u>(32,161,324)</u>
	<u>830,185</u>	<u>(3,625,939)</u>
Decrease in cash and cash equivalents	(268,908)	(1,387,595)
Cash and cash equivalents, beginning of year	29,734,546	31,122,141
Cash and cash equivalents, end of year	\$ 29,465,638	\$ 29,734,546

Siksika Nation

Notes to the Consolidated Financial Statements

March 31, 2018

1. Operations

Siksika Nation (the "Nation") is located in the province of Alberta, and provides various services to its members. Siksika Nation includes the Nation's members, government and all related entities that are accountable to the Nation that are either owned or controlled by the Nation.

2. Significant accounting policies

a. Basis of accounting

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants, and include the following significant accounting policies:

b. Principles of consolidation

The consolidated financial statements include the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities which are accounted for on the modified equity basis as described below.

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

Entities

Health Services
Blackfoot Crossing Historical Park
Board of Education
Family Services
Old Sun Society
Siksika Off Reserve Affordable Housing

Departments

Administration
Community Support Services
Justice
Land Management
Major Projects and Council Initiatives
Membership
Public Works
Treasury
Adult Education
Housing Society

All inter-entity balances and transactions have been eliminated on consolidation.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

b. Principles of consolidation (continued)

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

The following entities present combined financial results and are accounted for by the modified equity basis:

- Siksika Resource Developments Ltd. (collectively "SRDL"), which owns directly or indirectly 100% of the following:

Wholly owned subsidiaries:

- Siksika Economic Development Corporation ("SEDCo"), a non-profit private company
- Siksika Vacation Resort Company Ltd. ("SVRL")
- Siksika Irrigation Land Corporation ("SILC")
- Siksika Environmental Ltd. ("SEL")
- Siksika Service Station Ltd. ("SSSL")
- Siksika ATG Corporation ("ATG"), an inactive/dormant corporation
- Siksika Energy Resources Corporation ("SERC")
- Siksika Energy Limited Partnership ("SELP") (90% owned by Siksika Energy Resource Trust "SERT", 10% owned by SERC)
- SiksikaTel Inc.
- Siksika Holdings Inc. ("SHI")
- Siksika Holdings GP Inc. ("SHIGP")
- Siksika Nation Holdings GP Ltd. ("SNHGPL")
- Siksika Hospitality Holdings GP Ltd. ("SNHGP")

Unincorporated divisions:

- Siksika Nation Tribal Ranch
- Siksika Nation Arts Co-operative
- Siksika Energy Tribal Farms

- Siksika Nation Holdings LP ("SNHLP"), which directly owns the following:

- Siksika Nation Food and Beverage LP
- Siksika Nation Mechanical Service LP
- Siksika Nation Business Development LP
- Siksika Nation Industrial Park LP
- Siksika Herbz LP
- Siksika Trial Market LP
- Blackfoot Construction Contracting LP

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

b. Principles of consolidation (continued)

- Siksika Hospitality Holdings LP ("SHHLP"), which directly owns the following:
 - Siksika Castle Mountain Properties LP
 - Siksika Calgary Airport LP
 - Siksika Edmonton Conference LP
 - Siksika Edmonton Hotel LP

c. Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

d. Cash and cash equivalents

Cash and cash equivalents includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

e. Temporary investments

Temporary investments are short-term investments with initial maturity of more than three months and less than a year and are initially recorded at cost and subsequently accounted for at fair value.

f. Inventory

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value. Inventories held for consumption are recorded at cost. Cost is determined by the weighted average method.

g. Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly related to acquisition, construction, development, or betterment of the asset.

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

Automotive	33%
Buildings	4%
Computer equipment	33%
Furniture and fixtures	20%
Infrastructure	5%
Machinery	20%
Office and equipment	20%

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

h. Tangible capital assets (continued)

No amortization is provided on land, sculptures and artwork or construction in progress. Assets under construction are not amortized until the asset is complete.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

i. Funds held in trust

Funds held in trust, including Siksika Trust and Siksika Heritage Trust on behalf of Nation members are reported on the statement of financial position as a financial asset and internally restricted in accumulated surplus. Trust monies consist of:

- Capital trust monies held by the Government of Canada derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets;
- Revenue trust monies held by the Government of Canada generated primarily through land leasing transactions or interest earned on deposits held in trust;
- Future Generation trust monies held by the Government of Canada generated through interest earned on deposits held in trust;
- Trust monies held by the Royal Bank of Canada derived from the Bassano Dam Settlement Agreement and a portion of the Castle Mountain Settlement Agreement; and
- Trust monies held by the Bank of Nova Scotia derived from the Siksika Acreage Discrepancy (Surface) Claim Settlement Agreement.

j. Liability for contaminated sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. As at March 31, 2018, the Nation did not have a liability recorded for contaminated sites.

k. Segmented disclosure

The Nation provides a range of services to its members. For each reporting segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis (Note 27). The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

I. Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. When the loss is known with sufficient precision and there is no realistic prospect of recovery the loan receivable is reduced by the amount of the loss. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

m. Revenue recognition

Revenues are recognized in the period in which the transaction occurred or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis.

Indigenous Services Canada ("ISC") Federal Transfer Agreement revenue and other government funding agreements are recognized as they become receivable under the terms of applicable funding agreements.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

The Nation recognizes revenues from the Band Capital and Revenue Fund as income when it is distributed by the federal government.

The Nation recognizes revenue from the Siksika Trust and the Siksika Heritage Trust at the time funds are earned. Revenue is recognized net of any contributions to the trust as trust capital.

Canada Mortgage and Housing Corporation ("CMHC"), FNIH, Human Resources Development Canada, Community Futures Treaty Seven and First Nation Development Fund revenues are recognized as they become receivable under the terms of the applicable funding agreements.

Rental revenue is recorded in the period it is earned.

Land taxes and land use fees are recorded in the year they are earned and collectibility is reasonably assured.

Other revenue is recognized by the Nation when services are provided or goods are shipped.

n. Pension plan

The Nation provides a defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount based on a set percentage of salary.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

o. Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided when considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Payables to funding agencies is based on anticipated repayment requirements; however, actual repayments will be determined upon funding agencies' review of the consolidated financial statements.

These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the period in which they become known.

3. Prior period adjustment

During the year, the Nation determined that the increase (decrease) in trust assets for funds held in trust, Siksika Heritage Trust, and Siksika Trust were incorrectly recorded as a transaction in the consolidated statement of accumulated surplus. As the increase or decrease in trust assets represent a revenue or expense, respectively, these transactions are more appropriately recorded on the consolidated statement of operations. The effect on the 2017 comparative figures is as follows:

Consolidated Statement of Operations:

	2017 As Previously Stated	Adjustment	2017 Restated
Siksika Trust revenue	\$ 2,372,726	\$ 1,140,448	\$ 3,513,174
Siksika Heritage Trust revenue	\$ 4,376,987	\$ (124,730)	\$ 4,252,257
Decrease in funds held in trust	\$ -	\$ (6,825,349)	\$ (6,825,349)
Annual surplus	\$ 97,688,248	\$ (5,809,631)	\$ 91,878,617

Consolidated Statement of Accumulated Surplus:

	2017 As Previously Stated	Adjustment	2017 Restated
Annual surplus	\$ 97,688,248	\$ (5,809,631)	\$ 91,878,617
Increase in Siksika Trust	\$ 1,140,448	\$ (1,140,448)	\$ -
Decrease in Siksika Heritage Trust	\$ (124,730)	\$ 124,730	\$ -
Decrease in funds held in trust	\$ (6,825,349)	\$ 6,825,349	\$ -

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

3. Prior period adjustment (continued)

Consolidated Statement of Cash Flows:

	2017 As Previously Stated	Adjustment	2017 Restated
Annual surplus	\$ 97,688,248	\$ (5,809,631)	\$ 91,878,617
Change in trust assets	\$ (5,809,631)	\$ 5,809,631	\$ -

4. Restricted cash

	<u>2018</u>	<u>2017</u>
First Nation Finance Authority: Cash deposits	\$ 245,391	\$ 240,861
First Nation Finance Authority: Debt reserve fund	909,218	889,427
Funds held in trust with lawyers	166,199	-
Old Sun College: Scholarship fund	31,181	31,010
Siksika Housing Society: Damage deposits	119,486	112,462
Siksika Housing Society: Replacement reserve (Note 14)	2,144,004	1,588,208
Siksika Health Services: Moveable asset replacement	-	107,279
Siksika Off Reserve Housing: Security deposits	<u>26,815</u>	<u>23,015</u>
	<u>\$ 3,642,294</u>	<u>\$ 2,992,262</u>

5. Temporary investments

Investments consist of 3 (2017 - 4) guaranteed investment certificates bearing interest at rates between 0.70% to 0.85% (2017 - 0.55% to 1.8%) maturing in 2019 (2017 - 2017). The fair market value of the temporary investments at March 31, 2018 is \$882,286 (2017 - \$1,118,377).

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

6. Accounts receivable

	2018	2017
Indigenous Services Canada	\$ 2,681,683	\$ 585,751
Government of Alberta	2,812,792	1,918,766
Siksika Trust	3,196,915	3,389,609
Siksika Nation business entities (Note 11)	1,529,511	542,604
Land taxes	1,031,204	925,991
Siksika Heritage Trust	13,307,395	3,633,675
Health Canada	816,193	330,563
Community Futures Treaty 7	310,553	438,025
Other	<u>1,815,342</u>	<u>1,758,132</u>
	 <u>27,501,588</u>	 <u>13,523,116</u>
Less: Allowance for doubtful accounts	 <u>(364,823)</u>	 <u>(203,917)</u>
	 \$27,136,765	 \$ 13,319,199

7. Loans receivable

	2018	2017
Siksika Hospitality Holdings LP	\$28,720,791	\$ 28,720,791
Siksika Resource Developments Ltd.	7,000,000	7,000,000
Indian Business Corporation	<u>2,700,000</u>	<u>2,700,000</u>
	 <u>38,420,791</u>	 <u>38,420,791</u>
Less: Allowance for doubtful accounts	 <u>(377,000)</u>	 <u>(237,000)</u>
	 \$38,043,791	 \$ 38,183,791

The Siksika Hospitality Holdings LP loan receivable bears interest at 4%, is unsecured and repayable in annual payments of \$203,821 over a 20 year period beginning the earlier of one year from the date all properties acquired under the project are fully operational or November 2018. Interest is calculated at the earlier of November 2018 or 30 days from advancement, being November 2016. The purpose of the loan is to purchase hospitality properties.

The Siksika Resource Developments Ltd. loan receivable is non-interest bearing, unsecured and repayable in monthly payments of \$16,667 over a 35 year period beginning in January 2019.

The Indian Business Corporation loan receivable bears interest at 10%, is unsecured and is repayable over a 6 year term. This loan portfolio is administered by the Indian Business Corporation to provide loans to Nation members for economic development on the Nation.

Included in interest income is interest earned on debt from Siksika Hospitality Holdings LP, a related party, of \$1,148,831 (2017 - \$525,675).

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

8. Funds held in trust

Band capital and band revenue trust monies are transferred to the Nation on the authorization of the Minister of Indigenous Services Canada with the consent of the Nation's Chief and Council.

	2018	2017
Capital Trust		
Balance, beginning of year	\$ 13,718,701	\$ 18,033,104
Additions	847,034	538,837
Transfer from Future Generations Trust	-	335,326
Royalty overpayment return	<u>(646,862)</u>	-
	13,918,873	18,907,267
Less: Transfers to Nation	-	5,188,566
Balance, end of year	<u>13,918,873</u>	13,718,701
Revenue Trust		
Balance, beginning of year	402,238	2,913,185
Additions	<u>1,991,437</u>	3,051,053
	2,393,675	5,964,238
Less: Transfers to Nation	-	5,562,000
Balance, end of year	<u>2,393,675</u>	402,238
Future Generations Trust		
Balance, beginning of year	-	-
Additions	<u>300,778</u>	335,326
Transfer to Band Capital & Revenue Trusts	-	<u>(335,326)</u>
Balance, end of year	<u>300,778</u>	-
Total band funds held in trust	<u>\$ 16,613,326</u>	\$ 14,120,939

In fiscal 2017, Band Council Resolution ("BCR") #2017-81 was approved by Chief and Council for the withdrawal of \$3,018,000 of band revenue from the Revenue Trust and for the withdrawal of \$910,000 of band capital from the Capital Trust. The funds were advanced in fiscal 2017, the purpose of these funds was to provide operational funding for the Nation's various program departments in fiscal 2018.

Siksika Nation

Notes to the Consolidated Financial Statements

March 31, 2018

9. Siksika Trust

The Siksika Trust was established as part of the settlement agreement for the Siksika Acreage Discrepancy (Surface) land claim. The Trust Agreement required the Nation to establish the Siksika Trust ("the Trust") to hold the compensation and any income earned for the benefit of current and future generations of members of the Nation.

Under the terms of the Trust Agreement, the net annual income of the Trust will be paid to the Nation on or before December 31 of each year or as soon as possible after year end. On January 1 of each year or as soon as the prior year distribution is determined and paid, 30% of the net annual income will be contributed back to the Trust as trust capital.

At the fiscal year end of the trust, December 31, 2017, \$3,196,915 (2016 - \$3,389,609) of the net annual income of the Trust, as defined in the Trust Agreement, was allocated to the Nation. Of this allocation, \$959,075 (2016 - \$1,016,883) will be contributed back to the Trust as trust capital and, has been recorded as accounts payable. The remaining increase in unallocated trust assets during the year of \$101,957 (2016 - \$1,140,448) has been included with Trust revenue.

The Trust assets consist primarily of high grade government and corporate bonds with an annual yield between 0.57% and 9.15% (2017 - 1.25% and 6.50%).

10. Siksika Heritage Trust

The Heritage Trust was established as part of the settlement agreement for the Bassano Dam land claim. The Trust Agreement required the Siksika Nation to establish the Siksika Heritage Trust ("the Trust") to hold the compensation and any income there from for the benefit of current and future generations of members of the Siksika Nation.

In addition to funds held in relation to the Bassano Dam land claim, the Trust is also holding a portion of the funds in relation to Castle Mountain land claim settled during the 2017 fiscal year.

In 1982 Siksika Nation filed a claim with the Government of Canada (the "Claim") for the unlawful use of 70 square kilometers of land by the Castle Mountain area granted to the Nation in 1883. The claim was for the Crown allowing timber sales and other transactions to occur on the land without compensation to the Nation, and in 1911 the land was returned to the Canadian government. On August 15, 2016 the Siksika Members ratified the \$123,585,957 settlement agreement.

Under the terms of the settlement agreement, Canada agrees to pay to Siksika \$123,585,957 in full and final settlement of the claim, including a contribution towards the costs of negotiation, settlement, ratification, legal, land acquisition, environmental assessment, survey and other costs related to the claim. Of this amount, \$59,984,876 was deposited to the Siksika Heritage Trust as authorized by BCR #2015-78 and #2016-65.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

10. Siksika Heritage Trust (continued)

Under the terms of the Trust Agreement, the net annual income or an allotment amount of the Trust will be allocated to the Siksika Nation on or before December 31 of each year and will be either paid by December 31 of each year or as soon as possible after year end.

At the fiscal year end of the trust, December 31, 2017, \$14,203,247 (2016 - \$4,376,987) of the net annual income of the Trust, as defined in the Trust Agreement, was allocated to the Nation. The increase in unallocated trust assets during the year of \$1,099,180 (2016 - \$124,730 decrease) has been included in Heritage Trust revenue.

The Trust assets consist primarily of high grade government and corporate bonds and mutual funds with an annual yield between 1.00% and 5.00% (2017 - 1.20% and 5.00%).

During the fiscal year end of the trust December 31, 2017, the Trust made loan payments on behalf of the Nation for \$746,610 (2016 - \$596,970), which reduced the income allocation payable to the Nation. For the 3 months subsequent to the Siksika Heritage Trust's year end, the Trust made loan payments on behalf of the Nation for \$149,242 (2017 - \$149,242).

11. Investment in Nation business entities

SRDL was established on April 1, 1997 to hold all of the Nation's investments in for-profit enterprises. SRDL was given the mandate to promote investment in and development of natural resources of the Nation. The Nation owns 100% of SRDL.

The Nation's investment in these government enterprises is as follows:

	2018
Investment, beginning of year	\$ 8,475,309
Loss from operations	<u>(3,969,443)</u>
Investment, end of year	\$ 4,505,866

During the 2017 fiscal year the Nation contributed \$2,000,000 to SRDL for an irrigation project relating to the Bassano Dam settlement. Under the terms of the Bassano Dam land settlement agreement the Nation is required to spend \$4,000,000 on irrigation control by 2018. The amount has been recorded by SRDL as contributed surplus. As at March 31, 2018 the Nation has not contributed the remaining \$2,000,000.

Included in SRDL's revenue is \$1,511,306 (2017 - \$1,177,486) in sales and service charges to the Nation. These transactions were in the normal course of operations and recorded at the exchange amount and management believes they were on normal commercial terms.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

11. Investment in Nation business entities (continued)

At March 31, 2018, included in accounts receivable is \$1,529,511 (2017 - \$542,604) receivable from SRDL and its subsidiaries (Note 6).

As at March 31, 2018, included in accounts payable and accruals is \$167,636 (2017 - \$157,044) payable to SRDL and its subsidiaries (Note 13).

Funding transfers

During the year, Indigenous Services Canada funding was provided to SRDL and its subsidiaries in the amount of \$Nil (2017 - \$1,769,960) of set funding and \$326,924 of block funding (2017 - \$326,924).

Summary financial information of SRDL is as follows:

	2018	2017
Assets		
Cash	\$ 33,608,554	\$ 38,070,096
Accounts receivable	3,250,744	2,726,390
Intangible assets	66,301	97,875
Inventory	1,402,574	1,735,325
Investments	200,928	401,114
Property, plant and equipment	14,178,847	11,031,637
Prepaid expenses	55,935	42,366
Total assets	52,763,883	54,104,803
Liabilities		
Accounts payable and accruals	5,646,016	2,473,435
Deferred revenue	224,446	1,086,961
Investment in associates	13,262	-
Long-term debt	35,799,922	35,799,922
Finance lease liability	668,457	-
Decommissioning liability	4,344,617	5,569,813
Total liabilities	46,696,720	44,930,131
Shareholders equity		
Share capital	13	13
Common control reserve	13,356,369	13,356,369
Contributed surplus	3,584,744	2,722,810
Retained earnings	5,304,515	7,451,491
Beneficiaries	(16,178,478)	(14,356,011)
Equity	6,067,163	9,174,672
Total liabilities and shareholders equity	\$52,763,883	\$ 54,104,803
Total revenue	\$14,270,788	\$ 9,782,433
Total expenses	18,240,231	13,155,664
Net loss	\$ (3,969,443)	\$ (3,373,231)

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

12. Deferred revenue

	Balance March 31, 2017	Funding Received 2018	Revenue Recognized 2018	Balance March 31, 2018
Federal Government				
Band capital (Note 8)	\$ 3,739,262	\$ -	\$ 2,024,139	\$ 1,715,123
Band revenue (Note 8)	3,323,629	-	2,766,503	557,126
First Nation and Inuit Health	496,821	127,168	52,171	571,818
Capital projects	-	5,034,949	1,261,277	3,773,672
Education	-	3,926,328	3,216,135	710,193
House renovations	93,893	245,000	264,139	74,754
Foster homes	-	1,703,356	1,053,169	650,187
Mentorship program	-	59,400	51,335	8,065
CMHC	-	130,540	19,282	111,258
Health services	-	80,449	-	80,449
	\$ 7,653,605	\$ 11,307,190	\$ 10,708,150	\$ 8,252,645
Provincial Government				
Capital projects	\$ 5,531	\$ 2,623,650	\$ 104,995	\$ 2,524,186
Victim services	12,393	-	-	12,393
Repatriation	140,100	-	-	140,100
Child Welfare	2,595,961	-	2,087,094	508,867
Community wellness	1,282,890	-	1,003,165	279,725
Flood recovery	943,151	3,000,000	2,263,899	1,679,252
First Nations college grant	236,854	640,000	627,146	249,708
Aboriginal entrepreneur training program	96,036	-	96,036	-
Advanced education	-	390,491	216,275	174,216
Band designate	-	100,000	-	100,000
Parent link centre	-	350,000	-	350,000
	\$ 5,312,916	\$ 7,104,141	\$ 6,398,610	\$ 6,018,447
Other				
Source water protection plan	\$ 27,080	\$ -	\$ 27,080	\$ -
First Nation Finance Authority	14,427	19,792	-	34,219
Traditional parenting model	65,143	-	65,143	-
Daycare centres	52,078	-	52,078	-
Other	-	20,979	-	20,979
	\$ 158,728	\$ 40,771	\$ 144,301	\$ 55,198
	\$ 13,125,249	\$ 18,452,102	\$ 17,251,061	\$ 14,326,290

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

12. Deferred revenue (continued)

Band capital

Funding received from ISC to be used towards programs and development on the Nation.

Band revenue

Funding received from ISC to be used towards programs and development on the Nation.

First Nation and Inuit Health

Funding received from First Nation and Inuit Health is to be used towards the acquisition of moveable capital assets.

Capital projects

Fixed funding received from ISC and grant funding from the Provincial Government for the completion of the Little Washington Lagoon relocation, East Well development, South Camp Lift Station mitigation, water treatment plant repairs, and solid waste projects.

Education

Fixed funding received from ISC for the operation of Crowfoot and Chief Old Sun schools, as well as the First Nation and Inuit Skills Link programs.

Foster Homes

Fixed funding received from ISC for the maintenance of foster homes.

Victim services

Grant funding received from the Provincial Government to be used for providing a 24-hour crisis line for Siksika members.

Repatriation

Grant funding received from the Provincial Government to be used for the repatriation of Chief Crowfoot's artifacts from the Royal Albert Memorial Museum in the United Kingdom to Blackfoot Crossing Historical Park.

Child Welfare program

Grant funding received from the Provincial Government which has been approved for expenditure on a culturally based program in Siksika Child Welfare Services.

Flood recovery

Funding received from the Provincial Government for the flood recovery proceeds shall be used solely to cover costs incurred to purchase modular homes and trailers, manage the operating costs of the New Temporary Neighbourhoods (NTNs) and costs for the rebuild process from the 2013 flood.

Aboriginal entrepreneur training program

Funding received from the Provincial Government to assist with the Flood Recovery Youth Entrepreneurial Training, Flood Mentorship and Disaster Recovery Administration program.

First Nations college grant

Funding received from the Provincial Government to support and sustain an Indigenous adult learning program.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

12. Deferred revenue (continued)

Source water protection plan

Funds received from the Calgary Foundation for Calgary Forever for the source water protection project as part of the flood rebuilding process.

First Nation Finance Authority

Interest revenue earned on the First Nation Finance Authority debt reserve fund that is to be applied to future principal payments.

Traditional parenting model

Funding received from the Calgary Foundation for Community for project on traditional parenting.

Day care centres

Funding received from Community Futures Treaty 7 to provide financial assistance for Nation members participating in the Siksika Employment and Training Program.

Deferred revenue represents conditional grant amounts received which will be taken into revenue in the period in which the conditions related to the respective grant above have been met.

13. Accounts payable and accruals

	2018	2017
Trade payables	\$ 5,966,355	\$ 5,101,364
Accrued salaries and benefits payable	988,356	78,538
Member distributions payable	1,850,865	2,773,215
Other accrued liabilities	498,754	1,211,148
Indigenous Services Canada (Note 19)	287,675	23,582
Siksika Resource Developments Ltd. (Note 11)	167,636	157,044
Holdbacks payable	107,154	45,464
	<hr/>	<hr/>
	\$ 9,866,795	\$ 9,390,355

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

14. Housing reserves

Under agreements with CMHC, the Nation established the following:

A replacement reserve, established by an annual allocation of \$335,309 (2017 - \$342,227), to ensure adequate funds set aside for future repairs financed by CMHC. At March 31, 2018, the balance of this reserve is \$2,425,112 (2017 - \$2,643,107) which has been set aside to fund this reserve. The underfunded portion at March 31, 2018 was \$281,108 (2017 - \$1,054,899).

In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation ("CDIC"), or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

For pre 1997 projects

A operating surplus reserve fund is established by retaining excess federal assistance payments received to a maximum of \$500 per unit, plus interest for pre 1997 projects. Reserve funds may be used to meet future operating deficits, within the guidelines of the CMHC agreements. Any surpluses calculated in excess of the amounts allowed to be retained in this reserve is repayable to the CMHC. As at March 31, 2018 this fund had a balance of \$Nil (2017 - \$Nil).

For post 1996 projects

An operating surplus reserve fund is established by retaining excess federal assistance payments received to a maximum of minimum revenue contribution plus subsidy less eligible expenses for each post 1996 project. Reserve funds may be used to meet future operating deficits, within the guidelines of the CMHC agreements. In accordance with terms of the agreements, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the CDIC, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. As at March 31, 2018 the operating reserve is \$873,731 (2017 - \$111,995), the underfunded portion of the operating reserve is \$873,731 (2017 - \$111,995).

15. Long-term debt

	2018	2017
Housing Rental Companies (Pre 97 and Post 96 Combined) Mortgages payable in monthly installments of \$101,688 including interest at rates ranging from 1.04% to 5.44%, due on dates ranging from February 2019 to July 2041.	\$12,757,395	\$ 13,708,608
Siksika Heritage Trust 10 year term loan payable in quarterly blended installments of \$149,242, bearing interest at bank prime per annum, due March 2022. The loan payable is secured by the Siksika Heritage Trust, and the account must be maintained at a margin value so to ensure that the assets held exceed at all times the amount of borrowings. This loan was repaid in full subsequent to year end.	2,087,655	2,568,452

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

15. Long-term debt (continued)

Land Claims - non-capital

Land claim agreement - non-interest bearing, repayable upon the date settlement is reached, secured by Siksika Nation guarantee.

\$ 3,597,218 \$ 535,385

Siksika Community Account Bylaw

First Nation Finance Authority 9 year term loan payable in annual installments of \$189,173 plus interest payable semi-annually at 2.99%, guaranteed by a secured revenues trust account management agreement, maturing on June 26, 2024.

8,465,458 8,664,691

Siksika Community Account Bylaw

First Nation Finance Authority Term loan payable in annual payments of \$178,664, plus interest payable semi-annually at 2.90%, maturing on June 26, 2024.

8,183,319 8,366,002

SORAH

5 year term loan payable in monthly blended installments of \$4,500, bearing interest at 4.95% per annum, due October 2022, and a monthly management fee is charged in the amount of \$300.

The loan is secured by a general security agreement of all of SORAH's assets, and a mortgage and assignment of rents on one of SORAH's residential buildings.

238,308 259,095

First Nation Development Fund

Non-revolving term loan in the amount of \$4,160,000, payable in quarterly blended installments of \$235,000, bearing interest at bank prime plus 1.5%, this loan was repaid during the year.

- 396,935

\$35,329,353 \$ 34,499,168

Principal repayments on long-term debt in each of the next 5 years are estimated as follows:

2019	\$ 1,953,279
2020	1,972,463
2021	2,545,811
2022	4,943,629
2023 and thereafter	23,914,171
Total	\$ 35,329,353

Prime rate as at March 31, 2018 was 3.45% (2017 - 2.70%). Interest expense for the year on long-term debt was \$946,192 (2017 - \$832,894).

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

15. Long-term debt (continued)

In 2017, the Nation entered into a secured revenues trust account agreement ("agreement") to guarantee the First Nations Finance Authority loans. The agreement establishes a secured revenues trust account ("SRTA"). The SRTA is in the name of both the First Nation Finance Authority and the Nation, and the SRTA is to be held by an approved bank. The SRTA agreed upon is the Siksika Trust (Note 9). First Nation Finance Authority is authorized to direct the SRTA manager to withdraw all or any of the funds, and to not deposit any new amounts in any approved bank specified in the notice.

The First Nation Finance Authority loans have the following covenants: the Nation is to use the funds only for the payment of the permitted expenditures and they are required to deliver audited consolidated financial statements. The Nation is in compliance with these covenants.

Siksika Housing Society receives federal assistance from CMHC pursuant to Section 95 of the National Housing Act to reduce mortgage interest expense and enable the project to provide housing to members. At March 31, 2018, Siksika Nation Housing was not in compliance with the provision to maintain and fund replacement reserves and operating reserves. The continuation of this interest rate reduction is contingent upon compliance with the terms of the agreement. CMHC and Siksika Nation Housing are working together on a solution to the non-compliance.

16. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2018 Net book value
Automotive	\$ 13,104,370	\$ 246,433	\$ -	\$ 11,988,683	\$ 1,362,120
Buildings	178,131,025	3,240,317	285,000	68,497,317	112,589,025
Computer equipment	7,900,572	261,794	-	7,230,077	932,289
Construction in progress	20,359,197	20,244,237	1,986,223	-	38,617,211
Furniture and fixtures	6,889,865	196,751	-	6,348,292	738,324
Infrastructure	78,707,979	211,709	-	30,873,267	48,046,421
Machinery	10,437,860	300,653	-	8,470,640	2,267,873
Office and equipment	2,545,095	21,740	-	2,215,964	350,871
Sculptures and artwork	756,809	-	-	-	756,809
	\$318,832,772	\$24,723,634	\$ 2,271,223	\$135,624,240	\$205,660,943

Siksika Nation
 Notes to the Consolidated Financial Statements

March 31, 2018

16. Tangible capital assets (continued)

	Cost	Additions	Disposals	Accumulated amortization	2017 Net book value
Automotive	\$ 12,798,319	\$ 505,565	\$ 199,514	\$ 11,530,800	\$ 1,573,570
Buildings	159,454,371	18,749,060	72,406	64,042,715	114,088,310
Computer equipment	7,904,138	409,290	412,856	6,781,753	1,118,819
Construction in progress	21,257,069	15,459,641	16,357,513	-	20,359,197
Furniture and fixtures	6,560,194	329,671	-	6,205,256	684,609
Infrastructure	72,536,901	6,171,078	-	27,843,887	50,864,092
Machinery	10,236,087	201,773	-	7,905,608	2,532,252
Office and equipment	2,560,381	-	15,286	2,110,215	434,880
Sculptures and artwork	756,809	-	-	-	756,809
	\$294,064,269	\$41,826,078	\$17,057,575	\$126,420,234	\$192,412,538

During the year, assets with a cost of \$1,986,223 (2017 - \$13,039,288) were transferred from construction in progress to buildings.

During the year, assets with a cost of \$Nil (2017 - \$3,318,225) were transferred from construction in progress to infrastructure.

17. Accumulated surplus

Accumulated surplus is comprised of the following:

	2018	2017
Equity in funds held in trust	\$ 16,613,326	\$ 14,120,939
Equity in Nation business entities	4,505,866	8,475,309
Equity in Siksika Trust	98,511,581	98,409,624
Equity in Siksika Heritage Trust	115,942,674	114,843,494
Equity in tangible capital assets	176,016,464	161,414,141
Unrestricted equity	67,014,841	57,587,359
	\$478,604,752	\$ 454,850,866

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

18. Commitments

The Nation has guaranteed mortgages for Nation members with CMHC Section 10 loans. As at March 31, 2018 the value of the mortgages guaranteed is \$1,155,905 (2017 - \$1,209,588).

The Nation has guaranteed mortgages for Nation members under the First Nations Market Housing Fund. As at March 31, 2018 the value of the mortgages guaranteed is \$1,058,768 (2017 - \$1,133,344).

The Nation has entered into various lease agreements for office equipment with estimated minimum annual payments as follows:

2019	\$ 900,177
2020	\$ 177,828
2021	\$ 50,063
2022	\$ 5,868

19. Contingent liabilities

The Nation has been named as a defendant under various claims for general matters. Management has assessed the success of these claims as unlikely and/or has ensured adequate insurance is in place. Accordingly, no provision has been made in these consolidated financial statements.

Retention or repayment of individual program surpluses will be determined and negotiated with the appropriate funding agencies upon receipt of these consolidated financial statements. It is not possible at this time to determine the amount, if any, of retention or repayment of certain surpluses.

At year end the Nation has unexpended set funding of \$23,582 in relation to the LEDSP - Land Management Capacity program, and unexpended set funding of \$264,093 in relation to the Emergency Management Assistance and Basic Needs programs, these amounts are included in accounts payable (Note 13).

20. Flood relief efforts

Submissions to the Government of Alberta relating to the 2013 flood, have been made for cost recoveries under the Government's Disaster Relief Plan ("DRP"), and for the year ended March 31, 2018, the Nation has received \$2,063,352 (2017 - \$Nil) under the DRP.

During the year the Nation incurred expenses of \$18,467,084 (2017 - \$15,079,058) to rebuild homes damaged from the flood. Siksika received reimbursements of \$19,618,054 (2017 - \$7,662,274) from the Government of Alberta for the costs incurred under the Memorandum of Understanding signed with the Province of Alberta in 2013, and as at March 31, 2018 \$1,350,722 (2017 - \$162,208) is receivable relating to claims made during the year.

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

21. Grants - provincial and federal

	2018	2017
Federal grants		
Justice Canada	\$ 123,595	\$ 123,595
First Nation and Inuit Health Board	<u>253,000</u>	<u>944,943</u>
	376,595	1,068,538
Provincial grants		
Human Services	10,884,006	8,312,563
Disaster Recovery Program	2,063,352	-
Aboriginal Relations	2,306,978	1,287,760
Alberta Flood Recovery Program	23,968,776	11,413,733
Enterprise and Advanced Education	1,001,483	853,825
Agriculture and Rural Development	-	285,970
Victim Services	-	46,445
	40,224,595	22,200,296
Other grants	572,147	208,669
	\$41,173,337	\$ 23,477,503

22. Expenditures by object

	2018 Budget	2018	2017
Salaries and benefits	\$ 34,249,006	\$ 43,496,069	\$ 38,991,485
Distributions	-	485,946	29,919,516
Program expense	17,623,165	12,694,586	9,901,982
Amortization	32,992	9,410,588	9,450,341
Supplies, rent, utilities and other	6,756,451	6,899,401	7,324,549
Repairs and maintenance	10,384,854	6,810,559	6,695,945
Tuition and student allowances	5,457,590	5,424,554	5,795,357
Travel	2,738,159	4,010,227	3,833,016
Social assistance	4,781,433	2,477,745	3,578,370
Professional fees	6,866,984	7,034,688	3,334,863
Child care	2,073,997	3,578,733	3,112,070
Contracted services	2,087,632	1,878,081	2,722,034
Grants to business enterprises (Note 10)	-	-	2,098,577
Insurance	1,708,560	1,138,325	1,037,019
Bad debts	1,266	747,306	951,745
Professional development	826,760	870,178	867,511
Interest on long-term debt	-	946,192	832,894
Bank charges and interest	84,564	403,746	662,874
Total	\$ 95,673,413	\$ 108,306,924	\$ 131,110,148

Siksika Nation
Notes to the Consolidated Financial Statements

March 31, 2018

23. Defined contribution pension plan

The Nation has two defined contribution pension plans covering substantially all full-time employees. Each participant selects a contribution level of 4.0 - 7.6% of salary. The Nation matches the participant's contribution. This pension expense of \$539,874 (2017 - \$557,538) and \$95,364 (2017 - \$76,132) respectively, is recorded in salaries and benefits.

24. Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Nation are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, liquidity risk, interest rate risk and credit risk.

Liquidity risk

Liquidity risk is the risk that the Nation will not be able to meet its financial obligations as they come due. The Nation has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements of the Nation on an ongoing basis. The Nation ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows and its holdings of cash and cash equivalents. The following table sets out the contractual maturities (representing contractual cash flows) of financial liabilities:

	0 - 90 Days	Over 90 days
Accounts payable and accruals	\$ 9,866,797	\$ -
Long-term debt	579,834	34,749,519
Replacement reserves	-	3,298,843
	<hr/>	<hr/>
	\$ 10,446,631	\$ 38,048,362

Interest rate risk

Interest rate cash flow risk

Interest rate cash flow risk is the risk that cash flows will fluctuate due to changes in the market interest rates. The Nation is exposed to interest rate cash flow risk on the loans which bear a floating charge.

Interest rate fair value risk

Interest rate fair value risk is the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Nation is exposed to interest rate fair value risk arising from fluctuations in interest rates on its fixed rate long-term debt.

Siksika Nation

Notes to the Consolidated Financial Statements

March 31, 2018

24. Financial instruments continued

Credit risk

The Nation is exposed to credit risk primarily through its trade accounts receivable and loan receivable. Credit risk is the risk that the Nation may not collect the trade or loan receivables. The risk is mitigated as a large part of trade receivable is government funding and the risk of default is low. The maximum risk related to the trade receivables and loan receivable are the carrying values included in Note 6 and 7 respectively.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

25. Approval of consolidated budgets

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by Chief and Council.

26. Subsequent events

In June 2018, the Nation has provided an unlimited guarantee for a demand revolving credit facility for up to \$25,000,000 made available to SRDL. As part of the guarantee, SRDL will not make any payments to the Nation in respect of any subordinated obligations without written consent of the lender.

Subsequent to year end, SRDL subscribed to 9,062,761 partnership units for an amount of \$9,062,761 in SDP Lodging Limited Partnership, representing a 42.5% interest, the remaining partners are all unrelated parties. The purpose of the partnership is to expand tourism and hospitality investments and has invested in three hotels in British Columbia.

27. Segmented disclosure

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program.

The services are provided by several entities of the Nation. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

Administration

Administration contains activities needed to run the Nation.

Community Support Services

Community support services contains activities that promote the development of the community.

Siksika Nation
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27. Segmented disclosure continued

First Nation Development Fund

First Nation Development Fund obtains grant funding to be used in economic, social and community development projects including addictions programs, education, health and infrastructure.

Health Services

Health Services contains activities that provide medical related services to band members.

Justice

Justice contains activities that provide legal services to band members.

Land Management

Land Management/Natural Resources contains activities that maintain the Nation's land.

Major Projects and Council Initiatives

Major Projects and Council Initiatives contain activities that relate to the initiation and approval of certain projects, along with other significant cultural activities.

Membership

Membership contains activities that oversee the membership of band members in the Nation.

Public Works

Public works contains activities related to the maintenance of buildings, infrastructure and lands of the Nation.

Treasury

Treasury and corporate services contain activities that are needed to operate the Nation.

Economic Development

Economic Development contains funds advanced from the Siksika Trust and the Siksika Heritage Trust, to be used in the economic development of the Nation.

Education and Adult Education

Education and Adult Education contain activities that provide education to band members for primary and secondary schooling, as well as sponsorship to attend post secondary institutions.

Family Services

Family services contains activities that provide social services to band members and their families.

Housing Society

Housing society contains activities that provide housing and repairs and maintenance to band members' housing.

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27. Segmented disclosure (continued)

	Administration	Community Support Services	First Nation Development Fund	Health Services	Justice	Land Management	Major Projects and Council Initiatives	Membership	Public Works	Total Carried Forward to Next Page
Revenue										
ISC revenue	\$ 1,177,054	\$ 31,667	\$ 493,202	\$ -	\$ 1,291,272	\$ -	\$ 212,738	\$ 277,026	\$ 261,334	\$ 4,003,195
Band revenue	476,429	1,450,914	1,348,392	10,987,622	1,172,187	148,648	595,297	1,384,257	21,127	6,077,232
Other revenue	1,653,483	1,975,783	1,348,392	12,403,894	1,320,835	957,715	4,798,270	3,136,987	404,136	3,944,585
										19,612,948
Expenses										
Amortization	16,624	109,770	78,687	223,485	691,185	1,710	2,011,097	3,842,353		
Salaries and benefits	471,491	917,454	127,348	8,501,658	663,157	651,185	2,322,218	275,370	1,276,487	15,206,368
Debt servicing	-	-	-	-	-	-	-	-	-	-
Other expenses	1,258,547	1,054,816	709,019	4,342,485	319,802	471,644	4,363,254	533,784	1,507,408	14,560,759
	1,746,662	2,082,040	836,367	13,553,938	1,061,646	1,346,314	7,376,657	810,864	4,794,992	33,609,480
Surplus (deficit)	\$ (93,179)	\$ (106,257)	\$ 512,025	\$ (1,150,044)	259,189	\$ (388,599)	\$ (2,578,387)	\$ (124,267)	\$ (305,196)	\$ (3,974,715)

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27. Segmented disclosure (continued)

	Total Brought Forward from Prior Page	Treasury	Economic Development	Adult Education	Education	Family Services	Housing Society	Total Before Adjustments	Consolidation Adjustments	Consolidated 2018 Totals
Revenue										
ISC revenue	\$ 6,077,232	\$ 51,737,140	\$ -	\$ 3,899,422	\$ 17,194,689	\$ 12,645,617	\$ 4,696,112	\$ 96,250,212	\$ (50,491,565)	\$ 45,758,647
Band revenue	3,944,585	4,764,063	-	-	-	-	9,994	8,718,642	(3,928,000)	4,790,642
Other revenue	19,612,948	33,462,752	21,319,106	3,223,604	1,661,387	13,936,672	3,333,824	96,570,293	(13,657,391)	82,912,902
	29,634,765	89,963,955	21,319,106	7,123,026	18,876,076	26,582,289	8,039,930	201,539,147	(68,076,956)	133,462,191
Expenses										
Amortization	3,842,353	668,321	-	86,163	1,638,801	376,499	2,798,451	9,410,588	-	9,410,588
Salaries and benefits	15,206,368	4,729,812	-	3,192,956	9,757,185	10,521,699	889,881	44,297,901	(801,833)	43,496,068
Debt servicing	-	152,490	587,452	-	-	-	206,249	946,191	-	946,191
Other expenses	14,560,759	61,787,993	8,529,049	4,029,419	8,532,244	19,358,578	4,815,076	121,614,018	(67,159,941)	54,454,077
	33,609,480	67,338,616	9,117,401	7,308,538	19,928,230	30,256,776	8,709,657	176,268,698	(67,961,774)	108,306,924
Surplus (deficit)	\$ (3,974,715)	\$ 22,625,339	\$ 12,201,705	\$ (185,512)	\$ (1,052,154)	\$ (3,674,487)	\$ (669,727)	\$ 25,270,449	\$ (115,182)	\$ 25,155,267

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27. Segmented disclosure (continued)

	Administration	Community Support Services	First Nation Development Fund	Health Services	Justice	Land Management	Major Projects and Council Initiatives	Membership	Public Works	Total Carried Forward to Next Page
Revenue										
ISC revenue	\$ 1,222,594	\$ 34,864	\$ -	\$ 724,756	\$ -	\$ 303,110	\$ 217,335	\$ 107,109	\$ 3,740,658	\$ 5,127,832
Band revenue	497,602	1,790,295	-	192,951	-	739,180	2,296,862	16,800	-	4,468,387
Other revenue			1,357,669	11,317,686	962,424	359,918	3,488,498	30,687,314	935,559	51,396,965
	1,720,196	1,825,159	1,357,669	12,235,393	962,424	1,402,208	6,002,695	30,811,223	4,676,217	60,993,184
Expenses										
Amortization	20,707	94,552	-	778,956	52,318	228,960	725,785	2,076	2,278,482	4,181,836
Salaries and benefits	436,165	828,388	131,655	8,756,160	659,879	665,774	2,163,022	258,997	1,369,703	15,269,743
Debt servicing	-	-	-	-	-	-	-	-	-	-
Other expenses	1,246,603	1,002,062	635,227	4,677,002	318,830	359,956	2,355,419	30,286,355	1,679,937	42,561,481
	1,703,475	1,925,002	766,882	14,212,208	1,031,027	1,254,690	5,244,226	30,547,428	5,328,122	62,013,060
Surplus (deficit)	\$ 16,721	\$ (99,843)	\$ 590,787	\$ (1,976,815)	\$ (68,603)	\$ 147,518	\$ 758,469	\$ 263,795	\$ (651,905)	\$ (1,019,876)

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27. Segmented disclosure (continued)

	Total Brought Forward from Prior Page	Treasury	Economic Development	Adult Education	Education	Family Services	Housing Society	Total Before Adjustments	Consolidation Adjustments	Consolidated Totals (Restated Note 3)
Revenue										
ISC revenue	\$ 5,127,832	\$ 51,639,124	\$ -	\$ 3,756,343	\$ 19,239,138	\$ 14,467,741	\$ 2,584,077	\$ 96,814,255	\$ (47,334,725)	\$ 49,479,530
Band revenue	4,468,387	7,945,771	-	-	-	-	930,729	13,344,887	(6,691,295)	6,653,592
Other revenue	51,396,965	15,454,456	134,580,873	2,766,700	1,242,618	11,028,130	2,949,018	219,418,760	(42,447,912)	176,970,848
	60,993,184	75,039,351	134,580,873	6,523,043	20,481,756	25,495,871	6,463,824	329,577,902	(96,473,932)	233,103,970
Expenses										
Amortization	4,181,836	565,248	-	83,829	1,480,773	226,243	2,912,412	9,450,341	-	9,450,341
Salaries and benefits	15,269,743	2,352,864	-	2,870,737	8,677,765	8,915,239	905,137	38,991,485	-	38,991,485
Debt servicing	-	-	592,110	-	-	-	240,784	832,894	-	832,894
Other expenses	42,561,481	65,324,415	38,688,832	4,431,356	8,044,425	17,125,789	4,152,060	180,328,358	(98,492,930)	81,835,428
	62,013,060	68,242,527	39,280,942	7,385,922	18,202,963	26,267,271	8,210,393	229,603,078	(98,492,930)	131,110,148
Surplus (deficit)	\$ (1,019,876)	\$ 6,796,824	\$ 95,299,931	\$ (862,879)	\$ 2,278,793	\$ (771,400)	\$ (1,746,569)	\$ 99,974,824	\$ 2,018,998	\$ 101,993,822