

**O'CHIESE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014**

O'CHIESE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

CONTENTS

	<u>Page</u>
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Changes in Accumulated Surplus	4
Consolidated Statement of Changes in Fund Balances	5 - 6
Consolidated Statement of Changes in Net Financial Assets (Debt)	7
Consolidated Summary Statement of Operations	8 - 9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11 - 24
Schedule 1. - Schedule of Accounts Receivable	25
Schedule 2. - Consolidated Statement of Operations by Individual Programs	26
Schedule 3. - Schedule of Consolidated Expenditures By Object	27
Schedule 4. - Schedule of Tangible Capital Assets	28

O'CHIESE FIRST NATION
MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

The consolidated financial statements have been audited by Doyle & Company in accordance with Canadian Audit Standards on behalf of the members.

First Nation Administrator

DOYLE & COMPANY

CHARTERED ACCOUNTANTS

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

11210 - 107 Avenue N.W. 2nd Flr

Edmonton, Alberta T5H 0Y1

Tel (780) 452-2300, Fax (780) 452-2335

INDEPENDENT AUDITORS' REPORT

To the Chief and Council
O'Chiese First Nation

We have audited the accompanying consolidated financial statements of O'Chiese First Nation, which comprise the Statement of Financial Position as at March 31, 2014, the Statements of Changes in Accumulated Surplus, the Statements of Changes in Fund Balances, Change in Net Financial Assets, Consolidated Statement of Operations, and Cash Flows for the year then ended, and a 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.

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 Audit Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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 O'Chiese First Nation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
July 25, 2014

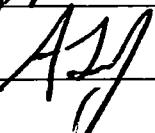
Doyle & Company
Chartered Accountants

O'CHIESE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and Term Deposits (Note 2)	1,875,236	2,799,044
Accounts Receivable (Schedule 1)	3,811,713	3,143,867
Advances and Loans Receivable	483,209	445,524
Investment in Subsidiary Enterprises (Note 5)	13,120,411	1,656,559
Deferred Costs (Note 3)	439,478	20,986
Capital Funds Held in Trust	20,616,742	16,990,067
Revenue Funds Held in Trust	1,222,580	927,468
	41,569,369	25,983,515
LIABILITIES		
Accounts Payable (Note 7)	3,016,910	4,235,688
Deferred Revenue (Note 8)	4,163,209	3,801,878
Long-term Debt (Note 9)	622,293	687,231
Landfill Closure and Post-closure Liability (Note 10)	175,000	175,000
	7,977,412	8,899,797
NET FINANCIAL ASSETS	33,591,957	17,083,718
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 4 and Schedule 4)	45,611,227	41,857,943
Prepaid Expenses	30,177	81,036
O'Chiese Settlement Trust (Note 6)		
	45,641,404	41,938,979
ACCUMULATED SURPLUS		
ACCUMULATED SURPLUS	57,394,036	41,105,162
EQUITY IN BAND TRUST FUNDS	21,839,325	17,917,535
TOTAL FUND BALANCES	79,233,361	59,022,697

Approved by the First Nation:

 Chief

 First Nation Administrator

O'CHIESE FIRST NATION

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2014

	2014		2013	
	Equity in Operating Funds \$	Equity in Business Enterprises \$	Equity in Tangible Capital Assets \$	Total \$
BALANCE - BEGINNING OF YEAR	(1,280,459)	1,214,909	41,170,712	41,105,162
Excess of revenues over expenditures	16,288,874	-	-	16,288,874
Earnings net of reinvestment in business enterprises	(11,905,502)	11,905,502	-	-
Loan principal repayments during the year	(64,938)	-	64,938	-
Capital asset acquisitions:				
Automotive and equipment additions	(44,500)	-	44,500	-
Road and bridge additions	(3,341,203)	-	3,341,203	-
On-reserve housing additions	(790,647)	-	790,647	-
Community building additions	(2,617,812)	-	2,617,812	-
Other adjustments	-	-	-	(121,340)
Annual amortization Expense	3,040,878	-	(3,040,878)	-
Change in accumulated surplus	565,150	11,905,502	3,818,222	16,288,874
BALANCE - END OF YEAR	(715,309)	13,120,411	44,988,934	57,394,036
				41,105,162

The accompanying notes form part of these financial statements.

O'CHIESE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2014

EQUITY IN BAND TRUST FUNDS

		Capital	Revenue	Total
		Footnote Reference	\$	\$
FUND BALANCES - Beginning of year		16,990,067	927,468	17,917,535
Trust Fund Deposits:				
Oil and Gas Royalties		14,921,677	-	14,921,677
Oil & Gas Lease/ Rental & Interest Income		-	1,689,912	1,689,912
Total Deposits		14,921,677	1,689,912	16,611,589
Trust Fund Withdrawals:				
Date	BCR #	Description		
2013/2014	13/14-01	Community Summer Employment	A	135,000
2013/2014	13/14-01	Band Security	D	250,000
2013/2014	13/14-01	Salaries - Finance/Band Manager/Asst	A	464,200
2013/2014	13/14-01	Chief & Council Wages	A	602,800
2013/2014	13/14-01	Accounting - Audit	A	30,000
2013/2014	13/14-01	Bank Charges	A	19,000
2013/2014	13/14-01	Interest Charges	A	8,000
2013/2014	13/14-01	Postage/Courier	A	1,000
2013/2014	13/14-01	Legal/Consulting	A	100,000
2013/2014	13/14-01	Utilities - Elders/AISH	E	-
2013/2014	13/14-01	Off Reserve Assistance	A	50,000
2013/2014	13/14-01	Band Member Assistance	A	84,000
2013/2014	13/14-01	Land Claims Research	B	220,000
2013/2014	13/14-01	Minor Hockey - Native Provincials	G	60,000
2013/2014	13/14-01	Recreation	G	200,000
2013/2014	13/14-01	Culture	G	140,000
2013/2014	13/14-08	Training & Team Building	A	310,000
2013/2014	13/14-01	Truck Stop	C	16,000
2013/2014	13/14-23	December 2013 P.C.D	A	1,050,300
2013/2014	11/12-18	Phase 1 Road Remediation	F	2,934,879
2013/2014	12/13-04	Phase 3 Housing	F	217,500
2013/2014	12/13-03	Phase 2 Road Remediation	F	2,412,478
2013/2014	12/13-18	Pow-Wow Development	I	735,357
2013/2014	13/14-10	Group Home Move	F	550,000
2013/2014	12/13-15	Nordegg Bridge Project	F	94,085
2013/2014	12/13-14	Phase 4 Housing	F	174,000
2014/2015	13/14-01	C&C Additional Allowance	A	84,000
2014/2015	13/14-01	Community Centre Wages/Supplies	H	100,000
2014/2015	13/14-01(A)	Meetings	A	180,000
2014/2015	13/14-01(A)	C&C Additional Allowance	A	34,800
	Balance Forwarded		9,962,599	1,394,800
			11,357,399	

The accompanying notes form part of these financial statements.

O'CHIESE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2014

EQUITY IN BAND TRUST FUNDS continued

			Capital	Revenue	Total																				
			Footnote Reference	\$	\$																				
		Balance Forward		9,962,599	1,394,800																				
					11,357,399																				
Property Management Department:																									
2013/2014	12/13-29	Wages / Benefits	E	266,930	266,930																				
2013/2014	12/13-29	Travel	E	45,000	45,000																				
2013/2014	12/13-29	Telephone	E	9,000	9,000																				
2013/2014	12/13-29	Office Supplies	E	8,000	8,000																				
2013/2014	12/13-29	Insurance	E	148,000	148,000																				
2013/2014	12/13-29	Repairs and Maintenance	E	71,870	71,870																				
2013/2014	12/13-29	Materials and Supplies	E	251,200	251,200																				
2013/2014	12/13-29	Renovations/Maintenance	E	500,000	500,000																				
		Per Capita Distribution Holdback		32,400	32,400																				
		Total Withdrawals		11,294,999	1,394,800																				
					12,689,799																				
		FUND BALANCES - End of year		20,616,745	1,222,580																				
					21,839,325																				
Footnotes:																									
(1) Summary of Trust Fund Withdrawals																									
<table border="0"> <tr> <td style="vertical-align: top;">(A) Band Administration</td><td style="text-align: right;">3,153,100</td></tr> <tr> <td style="vertical-align: top;">(B) Land and Trust Services</td><td style="text-align: right;">220,000</td></tr> <tr> <td style="vertical-align: top;">(C) Community Economic Development</td><td style="text-align: right;">16,000</td></tr> <tr> <td style="vertical-align: top;">(D) Community Facilities</td><td style="text-align: right;">250,000</td></tr> <tr> <td style="vertical-align: top;">(E) Housing</td><td style="text-align: right;">1,400,000</td></tr> <tr> <td style="vertical-align: top;">(F) Capital Projects</td><td style="text-align: right;">6,382,762</td></tr> <tr> <td style="vertical-align: top;">(G) Recreation and Culture</td><td style="text-align: right;">400,000</td></tr> <tr> <td style="vertical-align: top;">(H) Community Center</td><td style="text-align: right;">100,000</td></tr> <tr> <td style="vertical-align: top;">(I) Pow Wow</td><td style="text-align: right;">735,537</td></tr> <tr> <td>Subtotal</td><td style="text-align: right;">12,657,399</td></tr> </table>						(A) Band Administration	3,153,100	(B) Land and Trust Services	220,000	(C) Community Economic Development	16,000	(D) Community Facilities	250,000	(E) Housing	1,400,000	(F) Capital Projects	6,382,762	(G) Recreation and Culture	400,000	(H) Community Center	100,000	(I) Pow Wow	735,537	Subtotal	12,657,399
(A) Band Administration	3,153,100																								
(B) Land and Trust Services	220,000																								
(C) Community Economic Development	16,000																								
(D) Community Facilities	250,000																								
(E) Housing	1,400,000																								
(F) Capital Projects	6,382,762																								
(G) Recreation and Culture	400,000																								
(H) Community Center	100,000																								
(I) Pow Wow	735,537																								
Subtotal	12,657,399																								
(2) PCD Holdback																									
Total Withdrawals (1) and (2) above																									

O'CHIESE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	16,288,874	7,799,884
Acquisition of tangible capital assets	(6,794,162)	(9,980,980)
Amortization of tangible capital assets	3,040,878	2,253,413
Decrease (Increase) in net equity funds	3,921,790	(1,523,283)
	168,506	(9,250,850)
Use (Acquisition) of prepaid assets	50,859	(65,183)
DECREASE (INCREASE) IN NET DEBT	16,508,239	(1,516,149)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	17,083,718	18,599,867
NET FINANCIAL ASSETS (DEBT), END OF YEAR	33,591,957	17,083,718

O'CHIESE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
<u>REVENUE</u>			
AANDC funding	5,869,398	5,869,398	7,737,273
Band Trust Funds	12,689,799	12,689,799	14,768,889
Health Canada	1,324,160	1,324,160	1,233,255
Aboriginal Skills & Employment Training Strategy	302,229	302,229	302,230
Contributions carried forward to 2012/13 (Note 8)	-	-	1,990,694
Contributions carried forward to 2013/14 (Note 8)	3,801,878	3,801,878	(3,801,878)
Contributions carried forward to 2014/15 (Note 8)	(4,415,092)	(4,163,209)	-
Other funding and revenues	11,269,832	13,451,194	9,995,047
Total Revenue	30,842,204	33,275,449	32,225,510
<u>EXPENDITURES</u>			
Band Administration	3,972,746	5,037,320	4,540,225
Employee Benefits Plan	54,609	54,609	61,315
Land and Trust Services	228,779	228,779	244,033
Student Transportation	127,572	127,572	127,572
Economic Development	87,527	87,527	171,527
Community Economic Opportunities Program (CEOP)	-	-	169,090
Oil and Gas Joint Venture #1	275,500	275,500	363,000
Oil and Gas Joint Venture #2	775,096	775,096	1,140,333
Oil and Gas Joint Venture #3	872,000	872,000	475,000
Community Facilities	1,292,760	1,308,001	723,784
Youth Group Home	-	-	41,128
Housing	1,643,000	1,646,563	2,199,229
Income Assistance - Administration	201,918	201,918	413,083
Income Assistance - Program Delivery	849,384	783,871	983,911
In-Home Care	23,903	23,903	43,492
Construction and Capital Projects	6,257,043	(57,339)	1,028,682
Health and Medical Services	1,440,583	1,419,636	1,361,564
Child Welfare	112,000	111,328	145,200
Alberta Government Labour Market	216,274	264,034	216,274
Recreation and Culture	455,000	456,154	467,429
Aboriginal Skills & Employment Training Strategy	149,166	149,166	149,167
ASETS - Child Care	194,256	250,401	194,256
Community Centre	100,250	100,250	297,032
National Child Benefit Reinvestment	333,809	333,809	131,530
First Nation Development Fund	531,212	531,212	551,412
Lands Management	939,934	723,815	618,387
Business Centre	6,000,000	6,134,777	3,416,472
Pow Wow	735,357	735,357	75,000
Amortization	-	3,040,878	2,253,413
	27,869,678	25,616,137	22,602,540

(Note: Consolidated Summary Statement of Operations continued on Page 9.)

O'CHIESE FIRST NATION
CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS - Continued
FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
<u>EXPENDITURES - continued</u>			
O'CHIESE EDUCATION AUTHORITY			
School Operations	2,120,960	2,237,429	2,158,570
New School	754,407	1,006,290	21,568
Employee Benefits Plan	97,159	97,159	90,453
	2,972,526	3,340,878	2,270,591
Total Expenditures	30,842,204	28,957,015	24,873,131
Deficiency of Revenue Over Expenditures Before Other Other income and adjustments			
Net Earnings (Losses) in First Nation owned companies	-	11,905,502	381,622
CMHC principal repayments included in expenditures	-	64,938	65,883
EXCESS OF REVENUE OVER EXPENSES	-	16,288,874	7,799,884

O'CHIESE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and operations for the year	30,185,035	27,521,613
Cash paid to suppliers, vendors and employees	(24,197,531)	(16,416,254)
Interest paid	(14,527)	(20,609)
Net increase of advances and loans receivable	(37,685)	(28,420)
	5,935,292	11,056,330
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(64,938)	(65,883)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(6,794,162)	(9,980,980)
(DECREASE) INCREASE IN CASH DURING THE YEAR	(923,808)	1,009,467
CASH - Beginning of year	2,799,044	1,789,577
CASH - End of year	1,875,236	2,799,044

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements include the combined operations of O'Chiese First Nation, O'Chiese Health Centre, Business Centre, Construction and Capital Projects and O'Chiese Education Authority.

The investment in subsidiary companies are included in these financial statements using the modified equity method as detailed in Note 5.

(b) Amortization

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Community buildings	20
Roads and bridges	20
Housing	35
Automotive and equipment	5

(c) Revenue Recognition

Revenue is recorded in the period specified in the funding agreements entered into with government agencies and other organizations. Assistance received in advance of making the related expenditures is deferred to the subsequent period.

(d) Long-term Debt

Long-term debt to acquire C.M.H.C. housing is shown as a source of funding revenue. Principal repayments are expensed against related funding.

(e) Band Trust Funds

Band Trust Funds are included as revenue in these statements only to the extent they either have been received from the First Nation's trust fund accounts, or are receivable or accrued at yearend, which have been authorized by AANDC - approved band council resolution. The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

(f) Financial Instruments

The First Nation's financial instruments consist of cash and term deposits, accounts receivable, advances and loans receivable, bank indebtedness, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest or foreign currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The First Nation is exposed to credit risk on the accounts receivable from its members and customers. In order to reduce its credit risk, the First Nation has adopted credit policies which include an analysis of the financial position of its customers and the regular review of their credit limits.

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Measurement Uncertainty

The preparation of financial statements in conformity with 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 financial statements, and the reported amounts of revenue and expenditures during the year. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. CASH AND TERM DEPOSITS

	2014	2013
	\$	\$
Cash and term deposits consists of the following:		
Peace Hills Trust - New School Project	(16)	-
Peace Hills Trust - O'Chiese Pow Wow	(9)	-
Peace Hills Trust - New Housing Account	(42,264)	(37,664)
Peace Hills Trust - First Nation Development Fund	(65,792)	570
Peace Hills Trust - Membership Loans Account	65	(3,016)
Rocky Credit Union- Construction & Management	19,835	19,835
TD Trust - Business Centre	179,419	-
Peace Hills Trust - Business Centre	957,725	177,920
TD Trust - Business Centre Community & Education Fund	2,333,299	2,257,766
TD Canada Trust - Business Centre Bridge Project	9,496	157,996
Scotiabank - Education Authority Bingo Account	331	331
Peace Hills Trust - General	(1,160,687)	(578,462)
Peace Hills Trust - Sand and Gravel Contracting	(10)	(10)
Peace Hills Trust - O'Chiese Health Centre	(160,827)	(33,219)
Peace Hills Trust - CMHC	24,099	(18)
C.I.B.C. - Education Authority	316	316
Peace Hills Trust - Education Authority	(219,744)	92,454
	1,875,236	2,054,799
Peace Hills Trust - G.I.C.	-	744,245
	1,875,236	2,799,044

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

3. DEFERRED COSTS

Deferred costs consist of expenditures incurred before the year-end which will be funded by revenues recorded and received in the subsequent year.

	2014	2013
	\$	\$
Deferred costs consists of the following:		
Pow Wow Construction	88,648	-
Industrial Park	347,268	-
Business Centre	-	17,424
Other	3,562	3,562
	439,478	20,986

4. TANGIBLE CAPITAL ASSETS

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Community Buildings	13,807,401	8,329,330	5,478,071	3,390,738
Roads and Bridges	13,335,309	1,631,765	11,703,544	9,004,106
Housing	52,581,064	24,706,717	27,874,347	28,589,096
Automotive and Equipment	5,590,553	5,035,288	555,265	874,003
	85,314,327	39,703,100	45,611,227	41,857,943

5. INVESTMENT IN SUBSIDIARY ENTERPRISES

	2014	2013
	\$	\$
a) Investment in Sundown Resources, Inc., consists of:		
100 Class A Common Shares - 100% ownership	100	100
Accounts and advances receivable	433,911	433,911
Accumulated net deficit up to March 31	(434,011)	(434,011)
	-	-
b) Investment in 1097136 Alberta Ltd., consists of:		
100 Class A Common Shares - 100% ownership	100	100
Accumulated net earnings (losses) up to March 31	-	-
	100	100

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

	2014	2013
	\$	\$
c) Investment in O'Chiese Truck Stop Inc., consists of:		
100 Class A Common Shares - 100% ownership	100	100
Advances	517,073	2,604
Accumulated net earnings (losses) up to March 31	(868,692)	(70,469)
	(351,519)	(67,765)
d) Investment in Enterprise 203 Holdings Ltd., consists of:		
100 Class A Common Shares - 100% ownership	100	100
	100	100
e) Investment in Enterprise 203 Holdings Limited Partnership., consists of:		
Partners' Capital Contribution and advances	177,469	103,395
Accumulated net earnings (losses) up to December 31	263,335	(46,628)
	440,804	56,767
f) Investment in Enterprise 203 Construction Limited Partnership., consists of:		
Partners' Capital Contribution and advances	1,067,311	347,100
Accumulated net earnings (losses) up to December 31	616,371	151,397
	1,683,682	498,497
g) Investment in Enterprise 203 Holdings Saskatchewan Ltd., consists of:		
100 Class A Common Shares - 100% ownership	100	100
	100	100
h) Investment in Enterprise 203 Holdings Saskatchewan Limited Partnership., consists of:		
Accumulated net earnings (losses) up to December 31	5,743	(558,533)
	5,743	(558,533)

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

	2014	2013
	\$	\$
i) Investment in O'Chiese Energy Corporation., consists of:		
100 Class A Common Shares - 100% ownership	100	100
	<u>100</u>	<u>100</u>
j) Investment in O'Chiese Energy Limited Partnership., consists of:		
Partners' Capital Contribution and advances	969,424	84,194
Accumulated net earnings (losses) up to December 31	8,470,128	1,672,517
	<u>9,439,552</u>	<u>1,756,711</u>
k) Investment in 1460899 Alberta Ltd. (O/A O'Chiese Sand and Gravel), consists of:		
100 Class A Common Shares - 100% ownership	100	100
	<u>100</u>	<u>100</u>
l) Investment in O'Chiese Sand and Gravel Limited Partnership., consists of:		
Partners' Capital Contribution and advances	952,910	963,628
Accumulated net earnings (losses) up to December 31	(281,105)	(1,750,309)
	<u>671,805</u>	<u>(786,681)</u>
m) Investment in O'Chiese Safety Services Limited Partnership., consists of:		
Partners' Capital Contribution and advances	247,287	(100)
Accumulated net earnings (losses) up to December 31	197,293	158,903
	<u>444,580</u>	<u>158,803</u>
n) Investment in O'Chiese Well Services Limited Partnership., consists of:		
Partners' Capital Contribution and advances	100	-
Accumulated net earnings (losses) up to December 31	167,697	-
	<u>167,797</u>	<u>-</u>

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

	2014	2013
	\$	\$
n) Investment in O'Chiese Gas Bar Ltd., consists of:		
100 Class A Common Shares - 100% ownership	1	1
Advances	244,000	244,000
Accumulated net earnings (losses) up to March 31	373,466	354,259
	<hr/> 617,467	<hr/> 598,260
TOTAL	13,120,411	1,656,559

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

a) The year-end audited financial information for Sundown Resources, Inc is as follows:

	March 31 2014	March 31 2013
	\$	\$
Assets	-	-
Liabilities	-	-
Revenue	-	-
Net (Loss) For The Year	-	-

b) The year-end audited financial information for 1097136 Alberta Ltd. is as follows:

	March 31 2014	March 31 2013
	\$	\$
Assets	-	-
Liabilities	-	-
Revenue	-	-
Net Earnings For The Year	-	-

c) The year-end audited financial information for O'Chiese Truck Stop Inc. is as follows:

	March 31 2014	March 31 2013
	\$	\$
Assets	3,251,414	3,365,085
Liabilities	4,120,006	3,435,454
Revenue	1,118,843	34,970
Net (Loss) For The Year	(811,325)	(59,568)

d) The year-end audited financial information for Enterprise 203 Holdings Limited Partnership. is as follows:

	December 31 2013	December 31 2012
	\$	\$
Assets	6,986,923	7,555,177
Liabilities	4,395,209	6,941,016
Revenue	501,131	1,253,647
Net (Earnings) For The Year	(317,303)	581,638

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

e) The year-end audited financial information for Enterprise 203 Construction Limited Partnership is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	1,918,868	2,382,794
Liabilities	1,302,435	2,231,281
Revenue	3,028,560	5,103,666
Net Earnings For The Year	523,538	1,137,997

f) The year-end audited financial information for Enterprise 203 Holdings Saskatchewan Limited Partnership. is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	270,001	450,001
Liabilities	264,258	444,258
Revenue	-	-
Net (Loss) For The Year	7,837	-

g) The year-end unaudited financial information for O'Chiese Energy Limited Partnership. is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	9,553,518	2,584,632
Liabilities	1,082,552	812,753
Revenue	8,521,536	4,099,996
Net Earnings For The Year	5,994,252	1,672,684

h) The year-end audited financial information for O'Chiese Sand and Gravel Limited Partnership is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	3,289,428	539,807
Liabilities	3,570,656	1,337,667
Revenue	7,779,448	5,045,130
Net (Loss) For The Year	521,417	(1,751,411)

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

i) The year-end audited financial information for O'Chiese Safety Services Limited Partnership. is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	371,659	189,254
Liabilities	174,245	30,234
Revenue	430,495	270,468
Net Earnings For The Year	38,394	158,919

j) The year-end audited financial information for O'Chiese Gas Bar Ltd. is as follows:

	March 31 2014 \$	March 31 2013 \$
Assets	668,348	515,737
Liabilities	294,881	271,095
Revenue	3,204,822	3,072,124
Net Earnings For The Year	19,205	165,004

k) The year-end audited financial information for O'Chiese Well Services Limited Partnership. is as follows:

	December 31 2013 \$	December 31 2012 \$
Assets	1,347,047	-
Liabilities	-	-
Revenue	167,714	-
Net Earnings For The Year	167,714	-

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

6. O'CHIESE SETTLEMENT TRUST

a) Information about the Trust:

O'Chiese First Nation ratified a settlement agreement with the Government of Canada on March 27, 2007 and received \$20,000,000 in full and final settlement for an outstanding land claim dispute. The O'Chiese Settlement Trust was established to hold and administer the settlement funds for the beneficiary, O'Chiese First Nation and its members. All disbursements from the Trust to the First Nation are approved by the trustees under the Trust documents established by the final settlement agreement. The trustees consist of four individual first nation members and three corporate trustees which have been appointed or elected in accordance with the terms of the Trust. The Trust's assets are invested with Royal Bank of Canada - Royal Trust Aboriginal Services.

The purposes and objectives of the Trust are as follows:

i) Income Distributions to the First Nation

To provide funds to the First Nation for community or business projects, subject to a maximum of \$200,000 per year and other certain restrictions, as directed by band council .

ii) Accumulation of Undistributed Income

To accumulate and reinvest in the Trust any annual net income derived from the Trust's property that has not been distributed to the First Nation.

iii) Initial Capital Distribution to First Nation Members

To pay an initial, one-time per capita distribution of \$5,000 to each of the First Nation's registered members.

iv) Subsequent Capital Distributions to First Nation Members

To pay registered First Nation members an equal per capita distribution from time to time, subject to certain procedures and restrictions, as directed by band council.

v) O'Chiese Minor Trust Account

To establish and administer the O'Chiese Minor Trust Account. If a member is under the age of majority at the time that a distribution is made, the minor's distribution amount is deposited into and held in the O'Chiese Minor Trust Account until the minor attains the age of majority. The amount, plus any cost of living adjustments from the time of distribution up to the time that the member attains age of majority, is then distributed to the member from the Minor Trust Account.

vi) Special Capital Distribution to the First Nation

To provide funds to the First Nation, subject to certain restrictions, in the event that the First Nation enters into an agreement to acquire all or part of specific property known as the Flatlands.

vii) Capital Distributions to the First Nation

To provide funds to the First Nation for community or business projects, subject to certain restrictions, as directed by band council.

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

6. O'CHIESE SETTLEMENT TRUST - Continued

Information related to the investments held by the Trust as at March 31, 2014 is as follows:

	March 31 2014	March 31 2014	March 31 2013	March 31 2013
	Cost	Market Value	Cost	Market Value
			\$	\$
O'Chiese Settlement Trust Account:				
Cash	1,693,052	1,693,052	980,461	980,461
Federal, Provincial and Corporate Bond Funds	7,385,254	7,191,291	8,520,498	8,514,162
Stocks and Equity Funds	6,742,668	8,160,835	6,257,900	6,189,160
	15,820,974	17,045,178	15,758,859	15,683,783
O'Chiese Minor Trust Account:				
Cash	153,455	153,455	160,241	160,241
Federal, Provincial and Corporate Bond Funds	880,690	861,360	909,100	907,421
Stocks and Equity Funds	401,689	493,129	458,890	453,991
	1,435,834	1,507,944	1,528,231	1,521,653
Total Investments	17,256,808	18,553,122	17,287,090	17,205,436

Federal government bonds bear interest at rates from 4.4% to 4.7%. Shares are held in companies listed on stock exchanges.

The Trust is exposed to the risk that fair market values of government debt securities and corporate bonds may fluctuate due to fluctuations in interest rates. The fair market value of the Trust's stock portfolio may fluctuate as a result of changes in market stock prices that may be caused by factors specific to an individual security or its issuer, or factors affecting some or all securities traded in the market. The fair market value of the Trust's stock portfolio may also be affected by the foreign exchange rates in effect at the year-end for securities traded on stock exchanges outside of Canada.

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

7. ACCOUNTS PAYABLE

	2014 \$	2013 \$
Accounts payable consists of the following:		
Trade accounts payable	2,566,910	3,633,298
Payable to Enterprise 203 Holdings LP.	450,000	602,390
	3,016,910	4,235,688

8. DEFERRED REVENUE

	2014 \$	2013 \$
--	------------	------------

The following funds have been deferred until the 2014/2015 year:

Funding from AANDC for:

National Child Benefit Reinvestment Program	-	187,653
New School	1,333,892	808,432
	1,333,892	996,085

Funding from Band Trust Funds for:

Per Capital Distribution Holdback	32,400	46,800
New Group Home Move	125,899	-
O'Chiese Education Authority	12,530	12,530
	170,829	59,330

Funding from First Nation Development Fund for:

Housing concrete	-	10,845
School lunch program	-	7,640
Membership wages and database	-	5,103
Security System	65,000	-
Vehicles and Equipment	27,376	-
	92,376	23,588

Bellatrix Exploration funds for:

Community relations fund	-	110,000
Building fund	450,000	500,000
Education fund	1,317,767	907,000
Community development fund	546,304	210,000
Economic stimulus fund	-	989,668
	2,314,071	2,716,668

Other Funding:

O'Chiese Education Authority - Teacherages	6,207	6,207
Alberta Foundation for the Arts	10,425	-
O'Chiese Education Authority - Education Trust	235,409	-
	252,041	6,207
	4,163,209	3,801,878

O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

9. LONG-TERM DEBT

	2014 \$	2013 \$
Long-term debt consists of the following:		
6.0 % Peace Hills Trust mortgage repayable at \$2,616 per month including interest, due April 2012 (Project #1)	69,749	96,656
2.65 % CMHC direct-lending mortgage repayable at \$1,647 per month including interest, due April 1, 2016 (Proj. #4)	201,953	216,191
4.16 % CMHC direct-lending mortgage repayable at \$1,547 per month including interest, due December 1, 2012 (Proj.#5)	214,786	229,708
4.28 % CMHC direct-lending mortgage repayable at \$1,116 per month including interest, due December 1, 2012 (Proj.#6)	135,805	144,676
	622,293	687,231
Less current portion of long-term debt	(59,752)	(57,040)
	562,541	630,191

The construction loans are secured by Ministerial Guarantees. The First Nation has entered into five year agreements with Canada Mortgage and Housing Corporation to subsidize the average interest rates to the extent required to reduce the effective net interest rate to 2%.

Interest paid on long-term debt amounted to \$14,527 during the year.

Future principal repayments on long-term debt are estimated as follows:

	\$
2015	59,752
2016	62,608
2017	46,891
2018	35,346
2019	36,977
2019 and thereafter	380,719
	622,293

**O'CHIESE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS**

MARCH 31, 2014

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. Canadian Public Sector Accounting Standards require that the liability to close these sites be recorded based on an estimate of expected costs.

The liability recorded by the First Nation as at March 31, 2014 is \$175,000 and represents the estimated present value of closure and post-closure costs. The closure of the landfill site is expected to be completed in the next year. Closure will involve covering the site with topsoil and vegetation, and installing groundwater monitoring wells. Post-closure care activities are expected to occur for approximately 25 years and will involve surface and groundwater monitoring, and landfill cover maintenance.

11. CONTINGENT LIABILITIES

A counterclaim has been filed against the First Nation by the former operators of O'Chiese Gas Bar in response to a claim that O'Chiese First Nation filed against them. The amount and likelihood of loss, if any, is unknown at this time.

As at March 31, 2014 the First Nation has guaranteed bank loans for Enterprise 203 Holdings LP. totaling \$1,066,111 (2013 - \$1,108,375)

12. RELATED PARTY TRANSACTIONS

During the year the First Nation contracted its subsidiary enterprises, Enterprise 203 Construction LP., and Sand and Gravel LP., to perform construction, renovations, maintenance, housing services and road remediations. The total amount billed to the First Nation for these services was \$3,028,560 for 2014 (2013 - \$2,575,588) and \$3,975,594 (2013 - \$2,608,500) respectively.

These transactions are in the normal course of business and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

13. BUDGET FIGURES

The 2014 budget figures which appear in these financial statements have not been audited.