

**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

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O'CHIESE FIRST NATION
MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

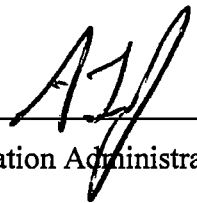
The accompanying consolidated financial statements of the O'Chiese First Nation and all the financial information in this annual report are the responsibility of management and have been approved by the O'Chiese First Nation's Chief and Council.

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

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

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Edmonton, Alberta T5H 0Y1

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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.

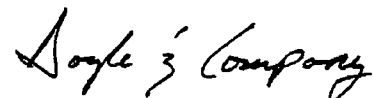
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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



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

The accompanying notes form part of these financial statements.

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 | Total | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| BALANCE - BEGINNING OF YEAR | (1,280,459) | 1,214,909 | 41,170,712 | 41,105,162 | 33,426,621 | |
| Excess of revenues over expenditures | 16,288,874 | - | - | 16,288,874 | 7,799,881 | |
| 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 | 7,678,541 | |
| 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

| | | | Footnote Reference | Capital \$ | Revenue \$ | Total \$ |
|---|--------------|--------------------------------------|-----------------------|-------------------|------------------|-------------------|
| 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 | - | 135,000 |
| 2013/2014 | 13/14-01 | Band Security | D | 250,000 | - | 250,000 |
| 2013/2014 | 13/14-01 | Salaries - Finance/Band Manager/Asst | A | 464,200 | - | 464,200 |
| 2013/2014 | 13/14-01 | Chief & Council Wages | A | 602,800 | - | 602,800 |
| 2013/2014 | 13/14-01 | Accounting - Audit | A | 30,000 | - | 30,000 |
| 2013/2014 | 13/14-01 | Bank Charges | A | 19,000 | - | 19,000 |
| 2013/2014 | 13/14-01 | Interest Charges | A | 8,000 | - | 8,000 |
| 2013/2014 | 13/14-01 | Postage/Courier | A | 1,000 | - | 1,000 |
| 2013/2014 | 13/14-01 | Legal/Consulting | A | 100,000 | - | 100,000 |
| 2013/2014 | 13/14-01 | Utilities - Elders/AISH | E | - | 100,000 | 100,000 |
| 2013/2014 | 13/14-01 | Off Reserve Assistance | A | - | 50,000 | 50,000 |
| 2013/2014 | 13/14-01 | Band Member Assistance | A | - | 84,000 | 84,000 |
| 2013/2014 | 13/14-01 | Land Claims Research | B | - | 220,000 | 220,000 |
| 2013/2014 | 13/14-01 | Minor Hockey - Native Provincials | G | - | 60,000 | 60,000 |
| 2013/2014 | 13/14-01 | Recreation | G | - | 200,000 | 200,000 |
| 2013/2014 | 13/14-01 | Culture | G | - | 140,000 | 140,000 |
| 2013/2014 | 13/14-08 | Training & Team Building | A | - | 310,000 | 310,000 |
| 2013/2014 | 13/14-01 | Truck Stop | C | - | 16,000 | 16,000 |
| 2013/2014 | 13/14-23 | December 2013 P.C.D | A | 1,050,300 | - | 1,050,300 |
| 2013/2014 | 11/12-18 | Phase 1 Road Remediation | F | 2,934,879 | - | 2,934,879 |
| 2013/2014 | 12/13-04 | Phase 3 Housing | F | 217,500 | - | 217,500 |
| 2013/2014 | 12/13-03 | Phase 2 Road Remediation | F | 2,412,478 | - | 2,412,478 |
| 2013/2014 | 12/13-18 | Pow-Wow Development | I | 735,357 | - | 735,357 |
| 2013/2014 | 13/14-10 | Group Home Move | F | 550,000 | - | 550,000 |
| 2013/2014 | 12/13-15 | Nordegg Bridge Project | F | 94,085 | - | 94,085 |
| 2013/2014 | 12/13-14 | Phase 4 Housing | F | 174,000 | - | 174,000 |
| 2014/2015 | 13/14-01 | C&C Additional Allowance | A | 84,000 | - | 84,000 |
| 2014/2015 | 13/14-01 | Community Centre Wages/Supplies | H | 100,000 | - | 100,000 |
| 2014/2015 | 13/14-01(A) | Meetings | A | - | 180,000 | 180,000 |
| 2014/2015 | 13/14-01(A) | C&C Additional Allowance | A | - | 34,800 | 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 |
| Property Management Department: | | | | | | 11,357,399 |
| 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 |
| 2013/2014 | | Per Capita Distribution Holdback | | 32,400 | - | 32,400 |
| Total Withdrawals | | | | | 11,294,999 | 1,394,800 |
| FUND BALANCES - End of year | | | | | 20,616,745 | 1,222,580 |
| | | | | | | 21,839,325 |

Footnotes:

(1) Summary of Trust Fund Withdrawals

| | |
|--|-------------------|
| (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 | 32,400 |
| Total Withdrawals (1) and (2) above | 12,689,799 |

The accompanying notes form part of these financial statements.

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 |

The accompanying notes form part of these financial statements.

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 | - | 4,318,434 | 7,352,379 |
| 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 |

The accompanying notes form part of these financial statements.

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 |

The accompanying notes form part of these financial statements.

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 |
| | 100 | 100 |
| 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 |
| | 9,439,552 | 1,756,711 |
| k) Investment in 1460899 Alberta Ltd. (O/A O'Chiese Sand and Gravel), consists of: | | |
| 100 Class A Common Shares - 100% ownership | 100 | 100 |
| | 100 | 100 |
| 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) |
| | 671,805 | (786,681) |
| 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 |
| | 444,580 | 158,803 |
| 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 | - |
| | 167,797 | - |

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

5. INVESTMENT IN SUBSIDIARY ENTERPRISES - continued

| | 2014 | 2013 |
|---|-------------------|------------------|
| | \$ | \$ |
| <hr/> | | |
| 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/> | <hr/> |
| | 617,467 | 598,260 |
| | <hr/> | <hr/> |
| TOTAL | 13,120,411 | 1,656,559 |
| | <hr/> | <hr/> |

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 capital 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 Cost | March 31 2014 Market Value | March 31 2013 Cost \$ | March 31 2013 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 remediation's. 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.