

**O'Chiese First Nation**  
**Consolidated Financial Statements**  
**March 31, 2017**

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# **O'Chiese First Nation**

## **Consolidated Financial Statements**

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**March 31, 2017**

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## O'Chiese First Nation

### Management's Responsibility for Financial Reporting

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March 31, 2017

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The accompanying consolidated financial statements of O'Chiese First Nation are the responsibility of management and have been approved by the Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.


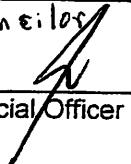
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

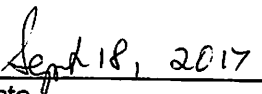
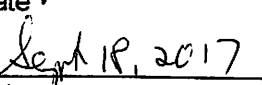
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of O'Chiese First Nation and meet when required.

On behalf of O'Chiese First Nation:

  
\_\_\_\_\_  
Chief Counselor  
  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date

## Independent Auditors' Report

### To the Members of O'Chiese First Nation

We have audited the accompanying consolidated financial statements of O'Chiese First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, change 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian 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 auditors' 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 auditors consider internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of O'Chiese First Nation as at March 31, 2017, and the consolidated results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada  
September 18, 2017

  
**Chartered Professional Accountants**

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**O'Chiese First Nation****Consolidated Statement of Financial Position**

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March 31	2017	2016 (Restated) (Note 11)
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**Financial Assets**

Cash (Note 2)	\$ 14,153,204	\$ 3,985,884
Accounts receivable (Note 3)	1,045,587	7,683,110
Band member receivables (Note 4)	77,720	332,349
Long-term investments (Note 5)	42,284,291	30,945,306
Trust Funds (Note 6)	35,888,073	46,878,858
	<b>93,448,875</b>	<b>89,825,507</b>

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**Liabilities**

Short-term financing (Note 7)	16,781,195	21,125,138
Accounts payable and accrued liabilities	2,921,373	4,867,984
Deferred revenue (Note 8)	3,134,183	3,273,307
Landfill closure and post-closure liability (Note 9)	175,000	175,000
Long-term debt (Note 10)	2,464,694	2,079,052
	<b>25,476,445</b>	<b>31,520,481</b>

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<b>Net financial assets</b>	<b>67,972,430</b>	<b>58,305,026</b>
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**Non-financial Assets**

Capital assets (Note 11)	104,297,772	90,051,361
Prepaid expenses	27,515	47,187
Deferred costs	-	159,483
	<b>104,325,287</b>	<b>90,258,031</b>

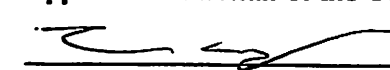

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<b>Accumulated Surplus (Note 12)</b>	<b>\$172,297,717</b>	<b>\$148,563,057</b>
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Contingent liabilities (Note 13)  
Commitments (Note 15)

**Approved on behalf of the Council**

 **Chief** *Councilor*  
 **Councilor**

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**O'Chiese First Nation****Consolidated Statement of Operations and Accumulated Surplus**

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**For the year ended March 31****2017  
Budget****2017  
Actual****2016  
Actual  
(Restated)  
(Note 11)****Revenue**

## Federal Government:

Indigenous and Northern Affairs Canada	\$ 4,008,703	\$ 19,505,365	\$ 10,969,985
CMHC subsidy	-	191,474	56,216
HRD funds	302,229	302,229	302,229
Health Canada	1,303,088	1,483,352	1,435,858
First Nations Development Fund	-	544,404	568,694
Interest income - Ottawa Trust	1,765,197	862,945	1,064,220
Royalty income - Ottawa Trust	26,726,956	19,036,756	15,556,805
Change in equity in investments	-	7,637,102	4,106,863
Other income	2,808,476	8,650,159	12,593,491

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**36,914,649      58,213,786      46,654,361**

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**Expenses (Note 17)**

Band	40,404,037	28,053,795	19,922,567
Consultation	-	2,225,488	9,641,498
School	2,504,744	2,808,133	2,895,517
Health	1,214,068	1,391,710	1,463,529

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**44,122,849      34,479,126      33,923,111**

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**Excess of revenue over expenses      (7,208,200)      23,734,660      12,731,250****Accumulated surplus, beginning of year      148,536,057      148,563,057      135,831,807**

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**Accumulated surplus, end of year      \$141,327,857      \$172,297,717      \$148,563,057**

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**O'Chiese First Nation****Consolidated Statement of Change in Net Financial Assets**

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<b>For the year ended March 31</b>	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual (Restated) (Note 11)</b>
<b>Excess of revenue over expenses</b>	<b>\$ (7,208,200)</b>	<b>\$ 23,734,660</b>	<b>\$ 12,731,250</b>
Acquisition of tangible capital assets	-	(20,256,930)	(35,109,064)
Amortization of tangible capital assets	5,774,022	5,774,022	3,708,843
Disposition of capital assets	-	236,497	-
	5,774,022	(14,246,411)	(31,400,221)
Acquisition of prepaid asset	-	19,672	3,017
Use (acquisition) of deferred costs	-	159,483	(159,483)
<b>Increase (decrease) in net financial assets</b>	<b>(1,434,178)</b>	<b>9,667,404</b>	<b>(18,825,437)</b>
<b>Net financial assets, beginning of year</b>	<b>58,305,026</b>	<b>58,305,026</b>	<b>77,130,463</b>
<b>Net financial assets, end of year</b>	<b>\$ 56,870,848</b>	<b>\$ 67,972,430</b>	<b>\$ 58,305,026</b>

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**O'Chiese First Nation****Consolidated Statement of Cash Flow**

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**For the year ended March 31, 2017****2017****2016  
(Restated)  
(Note 11)****Cash flows from****Operating activities**

Excess of revenue over expenses	\$ 23,734,660	\$ 12,731,250
Items not affecting cash		
Amortization	5,774,022	3,708,843
Change in investments	(11,339,484)	(4,106,863)

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18,169,198 12,333,230

**Change in non-cash operating working capital**

Accounts receivable	6,637,523	(5,011,407)
Deferred costs	159,483	(159,483)
Prepaid expenses	19,672	3,516
Accounts payable and accrued liabilities	(1,946,113)	98,815
Deferred revenue	(139,124)	716,505
Band member receivables	254,629	153,781

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23,155,268 8,134,957

**Capital activities**

Capital asset purchases	(20,256,930)	(35,109,061)
Capital asset disposals	236,497	-

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(20,020,433) (35,109,061)

**Financing activities**

Proceeds of long-term debt	811,987	1,612,442
Principal repayments of long-term debt	(426,344)	(88,908)
Net funds drawn from Trust Funds held in Ottawa	30,890,486	23,461,891
Ottawa Trust Capital additions	(19,899,701)	(17,636,482)
Short-term financing advanced (repaid)	(4,343,943)	19,325,138

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7,032,485 26,674,081

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**Increase (decrease) in cash and cash equivalents** 10,167,320 (300,023)

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**Cash and cash equivalents, beginning of year** 3,985,884 4,285,907

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**Cash and cash equivalents, end of year** \$ 14,153,204 \$ 3,985,884

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2017

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### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### (a) Reporting entity principles of financial reporting

The O'Chiese First Nation reporting entity includes the O'Chiese First Nation government and all related entities which are accountable to O'Chiese First Nation and are either owned or controlled by O'Chiese First Nation.

Entities that form part of the Nation reporting entity and do not meet the criteria of a government business enterprise have been consolidated in these financial statements. The consolidated financial statements include the following entities:

1. O'Chiese First Nation Administration
2. O'Chiese Consultation
3. O'Chiese First Nation Education Authority
4. O'Chiese Health Centre

Commercial enterprises which meet the definition of government business enterprises are recorded on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Nation's investment in the government business enterprise and the enterprises net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the O'Chiese First Nation.

Organizations accounted for on a modified equity basis include:

1. O'Chiese Truck Stop Inc.
2. O'Chiese Gas Bar Ltd.
3. O'Chiese Energy Limited Partnership
4. O'Chiese Safety Services Limited Partnership
5. O'Chiese Contracting Limited Partnership
6. O'Chiese Well Services Limited Partnership
7. O'Chiese Forest Management Limited Partnership
8. O'Chiese Gas Plant Limited Partnership
9. O'Chiese Environmental Services Limited Partnership
10. Enterprise 203 Construction Limited Partnership
11. Enterprise 203 Holdings Limited Partnership
12. O'Chiese Marketplace Inc.
13. O'Chiese Utilities Limited Partnership
14. O'Chiese Land Development Corporation
15. O'Chiese Business Centre Limited Partnership
16. O'Chiese Gaming Limited Partnership
17. Redwind Communications Limited Partnership

The Limited Partnerships all have December 31, 2016 year ends.

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## **O'Chiese First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2017**

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#### **1. Basis of Presentation and Significant Accounting Policies (continued)**

##### **(b) Revenue recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

##### **(c) Cash**

Cash and cash equivalents include cash on hand and balances in bank accounts.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2017

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows

Community buildings	20 years Straight line
Automotive equipment	5 years Straight line
Housing	35 years Straight line
Roads and bridges	20 years Straight line
Equipment	5 years Straight line

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.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

#### (e) Financial instruments

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

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2017

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (f) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

### 2. Cash

	2017	2016
Externally restricted		
Province of Alberta - First Nations Development Fund	\$ 161,214	\$ 45,087
CMHC replacement reserve	288,471	-
	<b>449,685</b>	<b>45,087</b>
Internally restricted		
Short term deposit held to finance long term investments	7,140,000	-
Unrestricted		
General accounts	6,563,519	3,940,797
	<b>\$ 14,153,204</b>	<b>\$ 3,985,884</b>

Under the terms of agreements with Canada Mortgage and Housing Corporation, the Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Fund.

Funds received under the First Nation Development Fund program administered by the Province of Alberta are restricted to eligible uses outlined in the First Nation Charitable Casino Handbook and administered by the Alberta Gaming and Liquor Commission. These funds are held in a separate bank account.

The O'Chiese First Nation has unused overdraft facilities totaling \$180,000 bearing interest at prime rate + 3%. The facilities are secured by a redirection of funds, as authorized by First Nation Council Resolutions acknowledged by the Department of Indigenous and Northern Affairs Canada.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2017

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#### 3. Accounts receivable

	2017	2016
Trade receivables	\$ 556,351	\$ 1,997,088
Indigenous and Northern Affairs Canada	242,269	5,478,445
Government of Alberta	222,634	177,276
Health Canada	24,333	-
Yellowhead Tribal Council - FNSSP	-	30,301
	<hr/>	<hr/>
	\$ 1,045,587	\$ 7,683,110

#### 4. Band member receivables

	2017	2016
Band member receivables	\$ 1,127,902	\$ 641,745
Allowance for doubtful accounts	(1,050,182)	(309,396)
	<hr/>	<hr/>
	\$ 77,720	\$ 332,349

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2017

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#### 5. Investment in Business Enterprises

	O'Chiese Limited Partnerships	O'Chiese Corporations	2017 Total	2016 Total (Restated) (Note 11)
Assets	\$ 37,801,539	\$ 14,430,324	\$ 52,231,863	\$ 49,642,007
Liabilities	\$ 5,525,725	\$ 4,421,847	\$ 9,947,572	\$ 18,696,701
Equity	32,275,814	10,008,477	42,284,291	30,945,306
Total liabilities and equity	\$ 37,801,539	\$ 14,430,324	\$ 52,231,863	\$ 49,642,007

	O'Chiese Limited Partnerships	O'Chiese Corporations	2017 Total	2016 Total
Revenue	\$ 25,259,141	\$ 5,862,387	\$ 31,121,528	\$ 25,438,550
Expenses	22,500,922	6,974,386	29,475,308	21,331,688
Net income	\$ 2,758,219	\$ (1,111,999)	\$ 1,646,220	\$ 4,106,862

Interest on long term debt included in expenses amount to \$78,282 (2016 - \$84,256)

#### 6. Trust Funds

	2017	2016
Revenue Trust funds	\$ 2,038,970	\$ 2,140,665
Capital Trust funds	33,849,103	44,738,193
	\$ 35,888,073	\$ 46,878,858

The trust funds accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These Ottawa Funds are held in trust in the Consolidated Revenue fund of the Government of Canada. The funds earn interest as specified in Section 61(2) of the Indian Act.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2017

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#### 7. Short-term financing

Bank demand loans are used as bridge financing on the new school and new housing projects undertaken by the Nation. The loans bears interest ranging from 0.25% - 1.00% plus the TD Canada Trust Bank prime rate and are due on demand.

#### 8. Deferred revenue

	2017	2016
INAC	\$ 410,069	\$ 50,596
Child Welfare	52,500	68,978
First Nations Development Fund	84,252	203,900
Health Canada	103,609	35,245
Surface fund	2,277,311	1,854,672
Band funds	-	356,352
Other funds	206,442	703,564
	<b>\$ 3,134,183</b>	<b>\$ 3,273,307</b>

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#### 9. 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, 2017 is \$175,000 (2016 - \$175,000) and represents the estimated present value of closure and post-closure costs. The closure of the landfill site is expected to be complete 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.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2017

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#### 10. Long-term debt

	2017	2016
Canada Mortgage and Housing Corporation mortgage with payments of \$1,531 per month including interest at 1.11% maturing April 2021, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	\$ 156,042	\$ 172,721
Canada Mortgage and Housing Corporation mortgage with payments of \$1,547 per month including interest at 1.31% maturing December 2021, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	168,654	184,463
Canada Mortgage and Housing Corporation mortgage repaid during the year.	-	117,810
Canada Mortgage and Housing Corporation, interest at 1.03%, payments of \$3,072 per month principal and interest maturing November 2021, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	803,641	-
Peace Hills Trust mortgage repaid during the year.	-	12,673
Canada Mortgage and Housing Corporation mortgage with payments of \$3,492 per month including interest at 1.04% maturing October 2020, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	877,118	909,796
Canada Mortgage and Housing Corporation mortgage with payments of \$1,829 per month including interest at 1.04% maturing October 2020, secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on housing units.	459,239	476,349
Conditional sales contracts transferred to O'Chiese Business Centre LP during the year.	-	205,240
	<b>\$ 2,464,694</b>	<b>\$ 2,079,052</b>

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Principal portion of long-term debt due within the next five years:

2018	\$ 111,573
2019	112,845
2020	114,131
2021	115,432
2022 and thereafter	2,010,713
	<b>\$ 2,464,694</b>

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2017

### 11. Tangible Capital Assets

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals/ Transfers	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2017 net book value
Buildings	\$ 14,754,042	\$ 38,765,680	\$ -	\$ 53,519,722	\$ 9,833,164	\$ 2,436,017	\$ -	\$ 12,269,181	\$ 41,250,541
Automotive equipment	6,397,068	473,650	(459,627)	6,411,091	5,631,619	242,423	(223,131)	5,650,911	760,180
Computer equipment	63,490,487	3,681,273	-	67,171,760	28,061,637	1,947,981	-	30,009,618	37,162,142
Equipment	232,821	106,816	-	339,637	232,821	15,107	-	247,928	91,709
Roads and bridges	18,353,063	4,296,823	-	22,649,886	3,408,591	1,132,494	-	4,541,085	18,108,801
Buildings under construction	33,991,710	14,821,549	(41,888,860)	6,924,399	-	-	-	-	6,924,399
	\$ 137,219,191	\$ 62,145,791	\$ (42,348,487)	\$ 157,016,495	\$ 47,167,832	\$ 5,774,022	\$ (223,131)	\$ 52,718,723	\$ 104,297,772

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2016 Net book value
Community Buildings	\$ 13,391,728	\$ 1,362,316	\$ -	\$ 14,754,044	\$ 9,091,442	\$ 741,722	\$ -	\$ 9,833,164	\$ 4,920,880
Automotive equipment	5,864,715	532,353	-	6,397,068	5,423,375	208,244	-	5,631,619	765,449
Housing	52,196,401	11,294,086	-	63,490,487	26,220,413	1,841,224	-	28,061,637	35,428,850
Equipment	232,821	-	-	232,821	232,821	-	-	232,821	-
Roads and bridges	17,183,468	1,169,595	-	18,353,063	2,490,938	917,653	-	3,408,591	14,944,472
Buildings under construction	13,240,997	20,750,713	-	33,991,710	-	-	-	-	33,991,710
	\$ 102,110,130	\$ 35,109,063	\$ -	\$ 137,219,193	\$ 43,458,989	\$ 3,708,843	\$ -	\$ 47,167,832	\$ 90,051,361

Interest of \$274,304 (2016 - \$367,082) was capitalized as part of the community buildings during the year.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2017

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#### 12. Accumulated surplus

	2017	2016 (Restated)
Operating Fund	\$ 1,933,470	\$ 3,141,409
Trust Fund	35,888,073	46,878,858
Capital Asset Fund	85,051,883	67,597,484
Equity in business entities	49,424,291	30,945,306
	<b>\$172,297,717</b>	<b>\$148,563,057</b>

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2016 accumulated surplus has been adjusted and reclassified as follows:

	Operating Fund	Trust Fund	Capital Asset Fund	Equity in business entities	2016 Total
Opening balance, previously reported	\$ (1,784,695)	\$ 46,878,858	\$ 72,279,588	\$ 27,259,018	\$ 144,632,769
Correction (1)	-	-	-	3,920,288	3,920,288
Reclassification (2)	244,000	-	-	(244,000)	-
Reclassification (3)	4,682,104	-	(4,682,104)	-	-
Opening balance, as restated	\$ 3,141,409	\$ 46,878,858	\$ 67,597,484	\$ 30,945,306	\$ 148,563,057

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- (1) The opening balance of equity in business enterprises was restated to reflect additional amounts of contributed surplus from the Nation.
- (2) Management reclassified an intercompany amount of \$244,000 from long term investments to accounts payable.
- (3) Management reclassified an operating loan of \$4,682,105 for the interim financing of housing from the operating fund to the capital asset fund.

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## **O'Chiese First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2017**

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#### **13. Contingent Liabilities**

a) **Loan guarantees**

The O'Chiese First Nation has provided a guarantee on loans for O'Chiese Marketplace Inc. up to \$2,550,000.

The O'Chiese First Nation has provided a full guarantee on bank loans for Enterprise 203 Holdings Limited Partnership totaling \$379,159 (2016 - \$401,293).

b) **Government contributions**

Government contributions related to programs of the Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known

#### **14. Budget Information**

The budgeted information for the year ended March 31, 2017 is unaudited and has been provided by management.

#### **15. Commitments**

At March 31, 2017, O'Chiese First Nation has outstanding commitments of approximately \$25 million with respect to the acquisition of long term investments. The Nation will finance the acquisition through long term financing.

#### **16. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2017

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#### 17. Expenses

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Amortization	\$ 5,774,022	\$ 5,774,022	\$ 3,708,843
Cultural events	568,654	992,555	164,629
Equipment costs	16,002,670	-	-
In home care	49,500	60,506	-
Insurance	376,888	340,059	278,620
Interest and bank charges	891,200	560,121	11,310
Materials and supplies	444,855	764,084	839,023
Office expenses	1,295,659	707,743	220,036
Per capita distribution	-	2,234,250	1,100,700
Professional fees	892,589	2,939,005	3,032,552
Program costs	2,791,554	2,898,003	7,833,440
Provision for Band Member receivables	-	768,174	-
Repairs and maintenance	3,046,042	3,165,398	1,584,950
Salaries, wages and benefits	9,808,376	9,237,632	10,004,459
Social Assistance	-	743,422	760,500
Training and professional development	171,048	243,980	323,542
Travel and meetings	1,327,084	2,391,965	3,153,234
Utilities	602,118	604,651	745,346
Vehicle	80,590	53,556	161,927
	<b>\$ 44,122,849</b>	<b>\$ 34,479,126</b>	<b>\$ 33,923,111</b>

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#### 18. Settlement Trust

Pursuant to a settlement agreement with the Government of Canada dated March 27, 2007, the O'Chiese First Nation established the O'Chiese Settlement Trust to hold and administer the settlement funds.

The O'Chiese Settlement Trust has not been included in these financial statements as it does not form part of the First Nation reporting entity. The Trustee provides financial reporting to beneficiaries on an annual basis.

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## **O'Chiese First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2017**

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#### **19. Financial Instruments**

##### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Nation's exposure to credit risk relates to accounts receivable and arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. Management believes this risk is minimized by the large amount of annual funding received from the Government of Canada.

##### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation's exposure to liquidity risk relates to accounts payable and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders.

##### **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Aside from related party balances, the Nation's interest-bearing financial instruments include fixed rate long-term debt and variable rate bank overdraft facilities. The fair values of fixed rate financial instruments fluctuate as market rates of interest change. The cash flows resulting from variable rate financial instruments fluctuate as interest rates applicable to the instruments change. The company does not employ derivative financial instruments to hedge its exposure to interest rate risk.

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2017

### 20. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 2. The segment results for the period are as follows:

	2017 Budget	Band 2017 Actual	2016 Actual	2017 Budget	Consultation 2017 Actual	2016 Actual
<b>Revenues</b>						
Indigenous and Northern Affairs Canada	\$ 2,567,915	\$ 17,049,358	\$ 8,988,010	\$ -	\$ -	\$ -
Interest income - Ottawa Trust	1,765,197	862,945	1,064,220	-	-	-
Change in equity in investments	-	7,637,102	4,106,863	-	-	-
First Nations Development Fund	-	544,404	568,694	-	-	-
Royalty income - Ottawa Trust	26,726,956	19,036,756	15,556,805	-	-	-
Other revenue	2,841,745	6,517,409	4,138,787	-	2,143,105	8,215,876
<b>Total revenue</b>	<b>33,901,813</b>	<b>51,647,974</b>	<b>34,423,379</b>	<b>-</b>	<b>2,143,105</b>	<b>8,215,876</b>
<b>Expenses</b>						
Office expenses	1,159,576	498,909	69,135	-	12,615	96,752
Professional fees	892,589	1,738,664	837,942	-	1,200,341	2,169,865
Program costs	2,199,921	1,758,840	3,519,398	-	584,310	3,919,514
Repairs and maintenance	2,928,713	3,079,909	1,365,589	-	5,242	18,030
Salaries, wages and benefits	7,195,115	6,276,368	5,475,419	-	115,944	2,066,882
Travel	789,959	1,380,604	1,728,274	-	297,223	1,031,985
Vehicle	-	-	-	-	2,715	89,362
Other expenses	18,735,940	13,320,501	6,926,810	-	7,098	249,108
<b>Total expenses</b>	<b>33,901,813</b>	<b>28,053,795</b>	<b>19,922,567</b>	<b>-</b>	<b>2,225,488</b>	<b>9,641,498</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 23,594,179</b>	<b>\$ 14,500,812</b>	<b>\$ -</b>	<b>\$ (82,383)</b>	<b>\$ (1,425,622)</b>

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2017

### 20. Segmented information, continued

	2017 Budget	Health 2017 Actual	2016 Actual	2017 Budget	School 2017 Actual	2016 Actual
<b>Revenues</b>						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 1,440,788	\$ 2,456,007	\$ 1,981,975
Other revenue	1,182,578	1,509,957	1,431,842	389,470	456,743	601,289
<b>Total revenue</b>	<b>1,182,578</b>	<b>1,509,957</b>	<b>1,431,842</b>	<b>1,830,258</b>	<b>2,912,750</b>	<b>2,583,264</b>
<b>Expenses</b>						
Office expenses	10,371	24,174	37,944	-	23,463	7,172
Professional fees	-	-	-	-	-	24,745
Program costs	2,350	2,350	-	-	1,577	4,461
Repairs and maintenance	63,653	64,664	173,798	53,676	15,583	27,533
Salaries, wages and benefits	691,151	859,010	705,288	1,922,110	1,986,310	1,756,871
Travel	47,245	125,982	147,161	8,740	3,054	25,071
Vehicle	68,172	33,771	52,405	12,418	17,070	20,159
Other expenses	299,636	281,759	346,933	(166,686)	761,076	1,029,505
<b>Total expenses</b>	<b>1,182,578</b>	<b>1,391,710</b>	<b>1,463,529</b>	<b>1,830,258</b>	<b>2,808,133</b>	<b>2,895,517</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 118,247</b>	<b>\$ (31,687)</b>	<b>\$ -</b>	<b>\$ 104,617</b>	<b>\$ (312,253)</b>

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2017

### 20. Segmented information, continued

	Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual
Revenues			
Indigenous and Northern Affairs Canada	\$ 4,008,703	\$ 19,505,365	\$ 10,969,985
Interest income - Ottawa Trust	1,765,197	862,945	1,064,220
Equity income on business interest	-	7,637,102	4,106,863
First Nations Development Fund	-	544,404	568,694
Royalty income - Ottawa Trust	26,726,956	19,036,756	15,556,805
Other revenue	4,413,793	10,627,214	14,387,794
Total revenue	36,914,649	58,213,786	46,654,361
Expenses			
Office expenses	1,169,947	559,161	211,003
Professional fees	892,589	2,939,005	3,032,552
Program costs	2,202,271	2,347,077	7,443,373
Repairs and maintenance	3,046,042	3,165,398	1,584,950
Salaries, wages and benefits	9,808,376	9,237,632	10,004,460
Travel	845,944	1,806,863	2,932,491
Vehicle	80,590	53,556	161,926
Other expenses	18,868,890	14,370,434	8,552,356
Total expenses	36,914,649	34,479,126	33,923,111
Annual surplus (deficit)	\$ -	\$ 23,734,660	\$ 12,731,250