

O'Chiese First Nation
Consolidated Financial Statements
March 31, 2018

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INDIGENOUS SERVICES
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O'Chiese First Nation**Consolidated Financial Statements**

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O'Chiese First Nation

Management's Responsibility for Financial Reporting

March 31, 2018

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:



Councilor


Chief Financial Officer

July 18, 2018
Date
July 18, 2018
Date



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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, 2018, 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, 2018, 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
July 18, 2018

Crowe MacKay LLP
Chartered Professional Accountants

O'Chiese First Nation

Consolidated Statement of Financial Position

March 31	2018	2017
Financial Assets		
Cash (Note 2)	\$ 13,208,946	\$ 14,153,197
Accounts receivable (Note 3)	2,308,781	1,045,587
Band member receivables (Note 4)	32,814	77,720
Long-term investments (Note 5)	66,917,364	41,095,857
Trust Funds (Note 6)	36,610,272	35,888,073
	119,078,177	92,260,434
Liabilities		
Short-term financing	-	16,781,195
Accounts payable and accrued liabilities	3,013,343	1,732,933
Deferred revenue (Note 7)	3,278,586	3,134,183
Landfill closure and post-closure liability (Note 8)	175,000	175,000
Long-term debt (Note 9)	19,385,039	2,464,694
Promissory note payable (Note 10)	21,209,011	-
	47,060,979	24,288,005
Net financial assets	72,017,198	67,972,429
Non-financial Assets		
Capital assets (Note 11)	107,386,885	104,297,772
Prepaid expenses	128,176	27,515
	107,515,061	104,325,287
Accumulated Surplus (Note 12)	\$179,532,259	\$172,297,716

Approved on behalf of the Council

Martin Tiongson, Councilor

O'Chiese First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Federal Government:			
Indigenous Services Canada	\$ 4,901,230	\$ 6,272,012	\$ 19,505,365
CMHC subsidy	-	471,961	191,474
HRD funds	149,166	666,395	302,229
Health Canada	1,300,880	1,494,826	1,483,352
First Nations Development Fund	-	538,248	544,404
Interest income - Ottawa Trust	1,191,314	842,006	862,945
Royalty income - Ottawa Trust	16,163,070	18,868,013	19,036,756
Change in equity in investments	-	719,790	7,637,102
Other income	13,751,525	10,313,560	8,650,159
	37,457,185	40,186,811	58,213,786
Expenses (Note 16)			
Band	38,197,977	27,127,751	28,053,795
Consultation	1,295,000	1,459,997	2,225,488
School	3,172,238	2,686,650	2,808,133
Health	1,352,067	1,677,872	1,391,710
	44,017,282	32,952,270	34,479,126
Excess of revenue over expenses	(6,560,097)	7,234,541	23,734,660
Accumulated surplus, beginning of year	172,297,717	172,297,716	148,563,056
Accumulated surplus, end of year	\$165,737,620	\$179,532,257	\$172,297,716

O'Chiese First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Excess of revenue over expenses	\$ (6,560,097)	\$ 7,234,541	\$ 23,734,660
Acquisition of tangible capital assets	-	(9,606,333)	(20,256,930)
Amortization of tangible capital assets	-	6,517,220	5,774,022
Disposition of capital assets	-	-	236,497
	-	(3,089,113)	(14,246,411)
Acquisition of prepaid asset	(100,661)	(100,661)	19,672
Use of deferred costs	-	-	159,483
	(100,661)	(100,661)	179,155
Increase in net financial assets	(6,660,758)	4,044,767	9,667,404
Net financial assets, beginning of year	67,972,429	67,972,429	58,305,026
Net financial assets, end of year	\$ 61,311,671	\$ 72,017,196	\$ 67,972,430

O'Chiese First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2018	2018	2017 (Restated) (Note 11)
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 7,234,541	\$ 23,734,660
Items not affecting cash		
Amortization	6,517,220	5,774,022
Change in investments	(25,859,496)	(11,339,484)
	(12,107,735)	18,169,198
Change in non-cash operating working capital		
Accounts receivable	(1,263,194)	6,637,523
Deferred costs	-	159,483
Prepaid expenses	(100,661)	19,672
Accounts payable and accrued liabilities	1,318,402	(1,946,113)
Deferred revenue	144,403	(139,124)
Band member receivables	44,906	254,629
	(11,963,879)	23,155,268
Capital activities		
Capital asset purchases	(9,606,333)	(20,256,930)
Capital asset disposals	-	236,497
	(9,606,333)	(20,020,433)
Financing activities		
Proceeds of long-term debt	251,123	811,987
Principal repayments of long-term debt	(111,974)	(426,344)
Net funds drawn from Trust Funds held in Ottawa	18,987,820	30,890,486
Ottawa Trust Capital additions	(19,710,019)	(19,899,701)
Short-term financing advanced (repaid)	-	(4,343,943)
Proceeds of promissory note	21,209,011	-
	20,625,961	7,032,485
Increase (decrease) in cash and cash equivalents	(944,251)	10,167,320
Cash and cash equivalents, beginning of year	14,153,197	3,985,877
Cash and cash equivalents, end of year	\$ 13,208,946	\$ 14,153,197

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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 (March 31, 2018)
14. O'Chiese Land Development Corporation (March 31, 2018)
15. O'Chiese Business Centre Limited Partnership
16. O'Chiese Gaming Limited Partnership
17. Redwind Communications Limited Partnership
18. Jackpot Casino Ltd.

The entities all have December 31, 2017 year ends, unless otherwise noted.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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, including recognized interest in reserve lands and natural resources, as well as 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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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

	2018	2017
Externally restricted		
Province of Alberta - First Nations Development Fund	\$ 1,080	\$ 161,214
CMHC replacement reserve	288,734	288,471
Secured Revenues Trust Account (note 10)	1,641,801	-
	<hr/> 1,931,615	<hr/> 449,685
Internally restricted		
Short term deposit held to finance long term investments	-	7,140,000
Unrestricted		
General accounts	11,277,331	6,563,519
	<hr/> \$ 13,208,946	<hr/> \$ 14,153,204

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 Services Canada.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

3. Accounts receivable

	2018	2017
Trade receivables	\$ 1,461,647	\$ 556,351
Indigenous Services Canada	123,645	242,269
Government of Alberta	343,355	222,634
Health Canada	-	24,333
Yellowhead Tribal Development Foundation	380,134	-
	<hr/> \$ 2,308,781	<hr/> \$ 1,045,587

4. Band member receivables

	2018	2017
Band member receivables	\$ 1,104,120	\$ 1,127,902
Allowance for doubtful accounts	(1,071,306)	(1,050,182)
	<hr/> \$ 32,814	<hr/> \$ 77,720

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

5. Investment in Business Enterprises

	O'Chiese Limited Partnerships	O'Chiese Corporations	2018 Total	2017 Total
Assets			\$ 81,258,131	\$ 52,231,863

Liabilities	\$ 20,686,274	\$ 8,101,157	\$ 28,787,431	\$ 9,947,572
Equity	43,949,094	8,521,606	52,470,700	42,284,291
Total liabilities and equity	\$ 64,635,368	\$ 16,622,763	\$ 81,258,131	\$ 52,231,863

	O'Chiese Limited Partnerships	O'Chiese Corporations	2018 Total	2017 Total
Revenue	\$ 28,538,221	\$ 4,758,012	\$ 33,296,233	\$ 31,121,528
Expenses	26,872,388	5,703,956	32,576,344	29,475,308
Net income	\$ 1,665,833	\$ (945,944)	\$ 719,889	\$ 1,646,220

	2018	2017
Equity in Business Enterprises	\$ 52,470,700	\$ 42,284,291
Related party receivables (payables)	14,446,664	(1,188,434)
Total investment in Business Enterprises	\$ 66,917,364	\$ 41,095,857

Interest on long term debt included in expenses amount to \$221,025 (2017 - \$78,282)

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

6. Trust funds held by federal government

	March 31, 2017	Income	Withdrawals, 2018	March 31, 2018
Ottawa funds held in trust - Capital	\$ 33,849,103	\$ 18,106,668	\$ (17,273,006)	\$ 34,682,765
Ottawa funds held in trust - Revenue	2,038,970	1,603,351	(1,714,814)	1,927,507
	\$ 35,888,073	\$ 19,710,019	\$ (18,987,820)	\$ 36,610,272

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.

7. Deferred revenue

Deferred revenue represents funds received, but not expended, as at the year-end. The deferred revenue relates to the following programs and funders:

	March 31, 2017	Funding received, 2018	Revenue recognized, 2018	March 31, 2018
Indigenous Services Canada	\$ 432,303	\$ 8,928,801	\$ (6,272,012)	\$ 3,089,092
Health Canada	103,609	1,527,111	(1,494,826)	135,894
First Nation Development Fund	162,341	375,907	(538,248)	-
Other	2,435,930	7,931,230	(10,313,560)	53,600
	\$ 3,134,183	\$ 18,763,049	\$ (18,618,646)	\$ 3,278,586

8. 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, 2018 is \$175,000 (2017 - \$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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

9. Long-term debt

	2018	2017
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 Services Canada and a first mortgage on housing units.	\$ 139,299	\$ 156,042
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 Services Canada and a first mortgage on housing units.	152,474	168,654
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 Services Canada and a first mortgage on housing units.	774,867	803,641
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 Services Canada and a first mortgage on housing units.	844,119	877,118
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 Services Canada and a first mortgage on housing units.	441,961	459,239
Toyota loan with payments of \$735 per month, secured with equipment with a net book value of \$46,474.	43,706	-
TD Canada Trust loan with blended payments of \$26,000 per month including interest rate at 3.10% on a contractual term maturing November 2021, secured by the school on the reserve land.	4,402,376	-
TD Canada Trust loan with blended payments of \$68,776 per month including interest rate at 2.55% on a contractual term maturing July 2022, secured by the housing units on the reserve land.	12,586,237	-
	<hr/> \$ 19,385,039	<hr/> \$ 2,464,694

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

9. Long-term debt, continued

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

2019	\$ 810,006
2020	830,057
2021	850,639
2022	871,766
2023 and thereafter	16,022,571
	\$ 19,385,039

10. Promissory note payable

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.

	2018
Financing with the First Nations Finance Authority	\$ 22,329,743
Debt reserve fund	(1,120,732)
	\$ 21,209,011

Financing with the First Nations Finance Authority (FNFA):

O'Chiese First Nation has entered into an agreement with the FNFA to borrow funds at an interest rate based on the Authority's prime lending rate, currently at 3.48%. The funds received have been advanced by the FNFA in anticipation of a bond issue by the FNFA. This interim financing will be replaced by this long term financing upon the issuance of such securities and the earlier of five years from the date of issuance of the interim financing or the completion by O'Chiese First Nation of the defined purpose included in the Borrowing Agreement.

The interim financing loans require monthly interest payments only and are paid from Secured Revenue sources other than Indigenous Services Canada or FNIB funding. These funds are specified in the Borrowing Law adopted by O'Chiese First Nation and are paid directly into a Secured Revenues Trust Account (SRTA) (note 2) which is governed by a Secured Revenues Trust Management Agreement between O'Chiese First Nation, FNFA and Computershare.

The following amounts are withdrawn from the SRTA:

- 1) Monthly interest payments directly to the FNFA under the terms of the Borrowing Agreement and
- 2) The excess in the SRTA is paid to O'Chiese First Nation

Debt reserve fund

Investment: 5% of any funds borrowed from the FNFA are held by the Authority in a fund as security for payments for bond payments and interim financing providers. If at any time O'Chiese First Nation does not have sufficient funds to meet its obligations under the terms and conditions of the Borrowing Agreement the payments will be made from the Debt Reserve Fund

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

11. Tangible Capital Assets

	Cost						Accumulated amortization				2018 net book value
	Balance, beginning of year	Additions	Disposals/ Transfers	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year			
Buildings	\$ 53,519,722	\$ 1,105,075	\$ -	\$ 54,624,797	\$ 12,269,181	\$ 2,491,270	\$ -	\$ 14,760,451	\$	\$ 39,864,346	
Automotive equipment	6,411,091	383,257	-	6,794,348	5,650,911	332,501	-	5,983,412		810,936	
Housing Equipment	67,171,760	9,928,374	-	77,100,134	30,009,618	2,235,905	-	32,245,523		44,854,611	
Roads and bridges	339,637	386,541	-	726,178	247,928	88,677	-	336,605		389,573	
Buildings under construction	22,649,886	4,727,486	-	27,377,372	4,541,085	1,368,868	-	5,909,953		21,467,419	
	6,924,399	-	(6,924,399)	-	-	-	-	-		-	
	\$ 157,016,495	\$ 16,530,733	\$ (6,924,399)	\$ 166,622,829	\$ 52,718,723	\$ 6,517,221	\$ -	\$ 59,235,944	\$	\$ 107,386,885	
Cost											
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2017 Net book value		
	\$ 14,754,041	\$ 38,765,681	\$ -	\$ 53,519,722	\$ 9,833,164	\$ 2,436,017	\$ -	\$ 12,269,181	\$	\$ 41,250,541	
Community Buildings	6,397,068	473,650	(459,627)	6,411,091	5,631,619	242,423	(223,131)	5,650,911		760,180	
Automotive equipment	63,490,487	3,681,273	-	67,171,760	28,061,637	1,947,981	-	30,009,618		37,162,142	
Housing 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	14,821,548	(41,888,860)	6,924,399	-	-	-	-		6,924,399	
	\$ 137,219,190	\$ 62,145,792	\$ (42,348,487)	\$ 157,016,495	\$ 47,167,832	\$ 5,774,022	\$ (223,131)	\$ 52,718,723	\$	\$ 104,297,772	

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

12. Accumulated surplus

	2018	2017
Operating Fund	\$ 6,156,220	\$ 1,933,469
Trust Fund	36,610,272	35,888,073
Capital Asset Fund	88,001,847	85,051,883
Equity in business entities	<u>48,763,920</u>	<u>49,424,291</u>
	\$179,532,259	\$172,297,716

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 \$486,684 (2017 - \$379,159).

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.

c) Legal proceedings

The entity is currently involved in certain legal proceedings. The entity is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

14. Budget Information

The budgeted information for the year ended March 31, 2018 is unaudited and has been provided by management.

15. Comparative Amounts

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

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

16. Expenses

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Administration fees	\$ 13,620	\$ 78,726	\$ 22,965
Amortization	6,517,220	6,517,220	5,774,022
Cultural events	625,020	534,225	993,453
Donations	-	50,000	196
Equipment costs	12,196,059	10,092	-
In home care	-	-	60,506
Insurance	350,000	335,681	340,059
Interest and bank charges	19,200	1,120,421	560,120
Materials and supplies	979,683	828,693	764,084
Office expenses	474,927	459,585	686,356
Per capita distribution	-	1,184,050	2,234,250
Professional fees	1,031,500	1,488,039	2,939,005
Program costs	3,572,743	2,748,924	2,861,415
Provision for Band Member receivables	-	202,772	768,174
Repairs and maintenance	4,688,333	2,464,374	3,199,315
Salaries, wages and benefits	11,191,206	11,028,969	9,237,632
Social Assistance	-	748,110	743,422
Student allowance	-	115,079	-
Training and professional development	276,312	218,323	243,980
Travel and meetings	1,303,685	1,998,007	2,391,965
Utilities	678,984	740,547	604,651
Vehicle	98,790	80,433	53,556
	\$ 44,017,282	\$ 32,952,270	\$ 34,479,126

17. 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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

18. Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, long-term investments, band member receivables, trust funds, accounts payable, and long-term debt. Unless otherwise noted, the carrying value of its financial statements approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risks from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding is received from the Government of Canada, which minimizes credit risk. The Nation minimizes interest rate risk by borrowing at fixed rates.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

19. 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:

	2018 Budget	Band		Consultation		
		2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues						
Indigenous Services Canada	\$ 2,089,838	\$ 3,782,933	\$ 17,049,358	-	\$ -	\$ -
Interest income - Ottawa Trust	1,191,314	842,006	862,945	-	-	-
Change in equity in Investments	-	719,790	7,637,102	-	-	-
First Nations Development Fund	-	538,248	544,404	-	-	-
Royalty income - Ottawa Trust	16,163,070	18,868,013	19,036,756	-	-	-
Other revenue	12,298,691	7,086,112	6,517,409	1,295,000	3,890,546	2,143,105
Total revenue	31,742,913	31,837,102	51,647,974	1,295,000	3,890,546	2,143,105
Expenses						
Office expenses	352,050	358,607	498,909	30,000	23,421	12,615
Professional fees	681,500	1,335,485	1,738,664	350,000	139,780	1,200,341
Program costs	2,187,182	1,360,555	1,724,025	563,940	863,773	584,114
Repairs and maintenance	4,632,167	2,414,190	3,113,826	10,000	11,348	5,242
Salaries, wages and benefits	8,255,151	8,228,415	6,276,368	125,060	140,618	115,944
Travel	620,600	1,101,395	1,380,604	200,000	218,749	297,223
Vehicle	22,000	-	-	-	2,089	2,715
Other expenses	14,992,263	12,329,103	13,321,399	16,000	60,219	7,294
Total expenses	31,742,913	27,127,750	28,053,795	1,295,000	1,459,997	2,225,488
Annual surplus (deficit)	\$ -	\$ 4,709,352	\$ 23,594,179	\$ -	\$ 2,430,549	\$ (82,383)

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

19. Segmented information, continued

	2018 Budget	Health 2018 Actual	2017 Actual	2018 Budget	School 2018 Actual	2017 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 2,811,392	\$ 2,489,079	\$ 2,456,007
Other revenue	1,300,880	1,594,181	1,509,957	307,000	375,904	456,743
Total revenue	1,300,880	1,594,181	1,509,957	3,118,392	2,864,983	2,912,750
Expenses						
Office expenses	-	61,948	1,208	-	43,470	25,040
Professional fees	-	12,775	-	-	-	-
Program costs	1,000	3,101	2,350	-	-	-
Repairs and maintenance	4,847	15,419	64,664	41,319	23,417	15,583
Salaries, wages and benefits	732,611	886,503	859,010	2,078,384	1,773,434	1,986,310
Travel	124,425	243,848	125,982	20,000	700	3,054
Vehicle	46,790	62,885	33,771	30,000	15,459	17,070
Other expenses	391,207	391,393	304,725	948,689	830,170	761,076
Total expenses	1,300,880	1,677,872	1,391,710	3,118,392	2,686,650	2,808,133
Annual surplus (deficit)	\$ -	\$ (83,691)	\$ 118,247	\$ -	\$ 178,333	\$ 104,617

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2018

19. Segmented Information, continued

	Consolidated totals		
	2018 Budget	2018 Actual	2017 Actual
Revenues			
Indigenous Services Canada	\$ 4,901,230	\$ 6,272,012	\$ 19,505,365
Interest income - Ottawa Trust	1,191,314	842,006	862,945
Equity income on business interest	-	719,790	7,637,102
First Nations Development Fund	-	538,248	544,404
Royalty income - Ottawa Trust	16,163,070	18,868,013	19,036,756
Other revenue	15,201,571	12,946,743	10,627,214
Total revenue	37,457,185	40,186,812	58,213,786
Expenses			
Office expenses	382,050	487,446	537,772
Professional fees	1,031,500	1,488,040	2,939,005
Program costs	2,752,122	2,227,429	2,310,489
Repairs and maintenance	4,688,333	2,464,374	3,199,315
Salaries, wages and benefits	11,191,206	11,028,970	9,237,632
Travel	965,025	1,564,692	1,806,863
Vehicle	98,790	80,433	53,556
Other expenses	16,348,159	13,610,885	14,394,494
Total expenses	37,457,185	32,952,269	34,479,126
Annual surplus (deficit)	\$ -	\$ 7,234,543	\$ 23,734,660