

O'Chiese First Nation
Consolidated Financial Statements
March 31, 2020

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

March 31, 2020

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O'Chiese First Nation

Management's Responsibility for Financial Reporting

March 31, 2020

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

<u>Original signed by</u> Chief	July 27, 2020 _____ Date
<u>Original signed by</u> Finance Manager	July 27, 2020 _____ Date

Independent Auditors' Report

To the Members of O'Chiese First Nation

Opinion

We have audited the consolidated financial statements of O'Chiese First Nation, the ("First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of First Nation taken as a whole. The supplementary information included on the schedules on pages 27 - 31 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada
July 27, 2020

Crowe Mackay LLP

Chartered Professional Accountants

O'Chiese First Nation

Consolidated Statement of Financial Position

March 31	2020	2019
Financial Assets		
<hr/>		
Cash (Note 3)	\$ 15,374,800	\$ 16,383,496
Accounts receivable (Note 4)	2,152,829	1,960,622
Band member receivables	6,457	21,064
Long-term investments (Note 5)	72,312,125	72,346,779
Federal trust funds (Note 6)	24,840,461	30,619,641
	<hr/>	<hr/>
	114,686,672	121,331,602
Liabilities		
<hr/>		
Short-term financing (Note 7)	-	2,500,000
Accounts payable and accrued liabilities	1,593,386	2,106,038
Deferred revenue (Note 8)	5,995,343	4,195,832
Landfill closure and post-closure liability (Note 9)	175,000	175,000
Long-term debt (Note 10)	18,285,299	18,658,333
Promissory note payable (Note 11)	20,020,046	20,579,866
	<hr/>	<hr/>
	46,069,074	48,215,069
Net financial assets	68,617,598	73,116,533
Non-financial Assets		
<hr/>		
Capital assets (Note 12)	107,404,492	111,514,140
Prepaid expenses	2,044	32,311
	<hr/>	<hr/>
	107,406,536	111,546,451
Accumulated Surplus (Note 13)	\$176,024,134	\$184,662,984

Contingent liabilities (Note 14)

Approved on behalf of the Chief and Council

Original signed by _____, Chief

Original signed by _____, Councilor

O'Chiese First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Revenue			
Federal Government:			
Indigenous Services Canada	\$ 11,082,518	\$ 11,674,641	\$ 10,118,338
CMHC subsidy	728,758	144,566	193,957
HRD funds	343,428	449,403	429,265
First Nations Development Fund	-	402,250	535,311
Interest and royalty income - Ottawa Trust	-	12,027,012	17,474,911
Change in equity in investments	-	(2,295,614)	2,114,356
Other income	22,554,162	10,268,772	8,373,151
	34,708,866	32,671,030	39,239,289
Expenses (Note 17)			
Band	34,123,702	32,485,058	27,268,663
Consultation	1,392,391	2,087,763	1,341,511
School	3,911,533	3,793,158	3,437,941
Health	3,128,310	2,943,901	2,060,449
	42,555,936	41,309,880	34,108,564
Excess (deficiency) of revenue over expenses	(7,872,958)	(8,638,850)	5,130,725
Accumulated surplus, beginning of year	184,662,984	184,662,984	179,532,259
Accumulated surplus, end of year	\$176,790,026	\$176,024,134	\$184,662,984

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

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Excess (deficiency) of revenue over expenses	\$ (7,872,958)	\$ (8,638,850)	\$ 5,130,725
Acquisition of tangible capital assets	-	(3,343,310)	(11,178,059)
Amortization of tangible capital assets	7,284,790	7,284,790	7,050,804
Disposition of capital assets	-	168,169	-
	7,284,790	4,109,651	(4,127,255)
Acquisition of prepaid asset	30,267	30,264	95,864
(Decrease) increase in net financial assets	(557,901)	(4,498,935)	1,099,336
Net financial assets, beginning of year	73,116,533	73,116,533	72,017,197
Net financial assets, end of year	\$ 72,558,632	\$ 68,617,598	\$ 73,116,533

O'Chiese First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2020	2020	2019
Cash flows from Operating activities		
Excess (deficiency) of revenue over expenses	\$ (8,638,850)	\$ 5,130,725
Items not affecting cash		
Amortization	7,284,790	7,050,804
Change in investments	1,584,649	(5,429,418)
Change in contributed surplus on investments	(1,550,000)	-
	(1,319,411)	6,752,111
Change in non-cash operating working capital		
Accounts receivable	(192,207)	348,159
Prepaid expenses	30,267	95,865
Accounts payable and accrued liabilities	(512,645)	(907,304)
Deferred revenue	1,799,511	917,246
Band member receivables	14,607	11,750
	(179,878)	7,217,827
Capital activities		
Capital asset purchases	(3,343,310)	(11,178,059)
Proceeds on disposition of capital assets	168,169	-
	(3,175,141)	(11,178,059)
Financing activities		
Proceeds of long-term debt	510,000	-
Principal repayments of long-term debt	(1,442,857)	(1,355,849)
Net funds drawn from Trust Funds held in Ottawa	17,806,192	23,465,542
Ottawa Trust Capital additions	(12,027,012)	(17,474,911)
Short-term financing advanced	-	2,500,000
Repayment of short-term financing	(2,500,000)	-
	2,346,323	7,134,782
Increase (decrease) in cash and cash equivalents	(1,008,696)	3,174,550
Cash and cash equivalents, beginning of year	16,383,496	13,208,946
Cash and cash equivalents, end of year	\$ 15,374,800	\$ 16,383,496

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

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 First 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 First 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 Energy Limited Partnership
2. O'Chiese Safety Services Limited Partnership
3. O'Chiese Contracting Limited Partnership
4. O'Chiese Well Services Limited Partnership
5. Enterprise 203 Holdings Limited Partnership
6. O'Chiese Market Place Inc.
7. O'Chiese Utilities Limited Partnership (March 31, 2020)
8. O'Chiese Land Development Corporation (March 31, 2020)
9. O'Chiese Business & Investment Centre Limited Partnership
10. O'Chiese Gaming Limited Partnership
11. O'Chiese Land Holdings Limited Partnership
12. Redwind Communications Limited Partnership
13. Jackpot Casino Ltd.

The entities all have December 31, 2019 year ends, unless otherwise noted.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

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, 2020

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 First 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
Infrastructure	20 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First 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, 2020

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

(f) Use of estimates and COVID-19 measurement uncertainty

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.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the First Nations financial results, conditions and cash flows.

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 First 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 First Nation in the period that the information becomes available.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the First Nations activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the First Nation and its operations in future periods.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

3. Cash

	2020	2019
Externally restricted		
CMHC replacement reserve	\$ 289,288	\$ 289,023
Secured Revenues Trust Account (Note 11)	754,964	683,975
Province of Alberta - First Nations Development Fund	<u>558,797</u>	109,622
	<u>1,603,049</u>	1,082,620
Internally restricted		
Education fund	<u>1,737,252</u>	1,796,602
Unrestricted		
General accounts	<u>12,034,499</u>	13,504,274
	<u>\$ 15,374,800</u>	\$ 16,383,496

Under the terms of agreements with Canada Mortgage and Housing Corporation, the First 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 First Nation has overdraft facilities totaling \$180,000 bearing interest at Peace Hills Trust 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. At March 31, 2020, the accounts were overdrawn by \$Nil (2019 - \$Nil).

4. Accounts receivable

	2020	2019
Trade receivables		
Indigenous Services Canada	\$ 1,812,086	\$ 611,588
Government of Alberta	202,114	235,086
Health Canada	-	698,397
Yellowhead Tribal Development Foundation	<u>138,629</u>	275,304
	<u>\$ 2,152,829</u>	\$ 140,247
	<u>\$ 2,152,829</u>	\$ 1,960,622

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

5. Investment in Business Enterprises

	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2020 Total	2019 Total
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Assets	\$ 81,984,354	\$ 13,128,723	\$ 95,113,077	\$ 85,642,525
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Liabilities	\$ 33,071,978	\$ 7,779,166	\$ 40,851,144	\$ 30,634,978
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Equity	48,912,376	5,349,557	54,261,933	55,007,547
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Total liabilities and equity	\$ 81,984,354	\$ 13,128,723	\$ 95,113,077	\$ 85,642,525
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	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2020 Total	2019 Total
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Revenue	\$ 21,619,538	\$ 6,930,934	\$ 28,550,472	\$ 37,198,728
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Expenses	23,380,943	7,656,091	31,037,034	35,084,327
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Net income	\$ (1,761,405)	\$ (725,157)	\$ (2,486,562)	\$ 2,114,401
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	2020	2019
Equity in Business Enterprises	\$ 54,261,933	\$ 55,007,547
Related party receivables	18,050,192	17,339,232
Total investment in Business Enterprises	\$ 72,312,125	\$ 72,346,779

Note A: The balances shown are the consolidated balances of O'Chiese Well Services Limited Partnership, O'Chiese Energy Limited Partnership, O'Chiese Business & Investment Centre Limited Partnership, O'Chiese Safety Services Limited Partnership, O'Chiese Contracting Limited Partnership, O'Chiese Gaming Limited Partnership, O'Chiese Land Holdings Limited Partnership, Redwind Communications Limited Partnership, Enterprise 203 Holdings Limited Partnership and O'Chiese Utilities Limited Partnership.

Note B: The balances shown are the consolidated balances of O'Chiese Marketplace Inc., O'Chiese Land Development Corporation and Jackpot Casino Ltd.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

6. Trust funds held by federal government

	March 31, 2019	Income	Withdrawals	March 31, 2020
Ottawa funds held in trust - Capital	\$ 28,930,222	\$ 10,518,119	\$ (15,121,148)	\$ 24,327,193
Ottawa funds held in trust - Revenue	1,689,419	1,508,893	(2,685,044)	513,268
	\$ 30,619,641	\$ 12,027,012	\$ (17,806,192)	\$ 24,840,461

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. Short-term financing

During the year, the First Nation repaid the demand loan with TD Canada Trust bearing interest at Prime + 1%.

8. 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, 2019	Funding received	Revenue recognized	March 31, 2020
Indigenous Services Canada	\$ 1,997,994	\$ 13,238,955	\$ (11,674,641)	\$ 3,562,308
First Nation Development Fund	152,175	479,486	(402,250)	229,411
Other	2,045,663	10,426,733	(10,268,772)	2,203,624
	\$ 4,195,832	\$ 24,145,174	\$ (22,345,663)	\$ 5,995,343

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

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, 2020 is \$175,000 (2019 - \$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, 2020

10. Long-term debt

	2020	2019
Canada Mortgage and Housing Corporation mortgage with payments of \$1,531 per month including interest at 1.11% maturing February 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	\$ 105,155	\$ 122,369
Canada Mortgage and Housing Corporation mortgage with payments of \$1,522 per month including interest at 1.31% maturing January 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	119,346	136,082
Canada Mortgage and Housing Corporation mortgage with payments of \$3,072 per month including interest at 1.03% maturing November 2041, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	715,815	745,795
Canada Mortgage and Housing Corporation mortgage with payments of \$3,492 per month including interest at 1.04% maturing October 2040, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	776,419	810,775
Canada Mortgage and Housing Corporation mortgage with payments of \$1,829 per month including interest at 1.04% maturing October 2040, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	406,515	424,504
Toyota loan with payments of \$735 per month, secured with equipment with a net book value of \$34,856 (2018 - \$43,706).	25,909	34,882
Canada Mortgage and Housing Corporation mortgage with payments of \$2,084 per month including interest at 1.69% maturing August 2044, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	501,746	-
TD Canada Trust loan with blended payments of \$26,009 per month including interest rate at 3.10% on a contractual term maturing October 2036, secured by the housing units on the reserve land.	4,042,675	4,241,956
TD Canada Trust loan with blended payments of \$73,694 per month including interest rate at 3.38% on a contractual term maturing December 2024, secured by the school on the reserve land.	11,591,719	12,141,970
	\$ 18,285,299	\$ 18,658,333

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

10. Long-term debt, continued

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

2021	\$ 811,808
2022	837,579
2023	863,855
2024	883,032
2025 and thereafter	14,889,025
	\$ 18,285,299

11. Promissory note payable

	2020	2019
Financing with the First Nations Finance Authority	\$ 21,208,940	\$ 21,720,833
Debt reserve fund	(1,188,894)	(1,140,967)
	\$ 20,020,046	\$ 20,579,866

Financing with the First Nations Finance Authority (FNFA):

The 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 the 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 FNIHB funding. These funds are specified in the Borrowing Law adopted by the First Nation and are paid directly into a Secured Revenues Trust Account (SRTA) (note 3) 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 the 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, 2020

12. Tangible Capital Assets

	Balance, beginning of year			Cost		Accumulated amortization		2020 net book value
		Additions	Disposals	Balance, end of year	beginning of year	Amortization	Balance, end of year	
Buildings	\$ 54,624,798	\$ -	\$ -	\$ 54,624,798	\$ 17,251,721	\$ 2,491,270	\$ 19,742,991	\$ 34,881,807
Automotive equipment	7,382,794	915,563	-	8,298,357	6,393,707	510,171	6,903,878	1,394,479
Housing	78,128,800	1,434,772	-	79,563,572	34,511,259	2,307,345	36,818,604	42,744,968
Equipment	1,074,866	113,479	-	1,188,345	472,083	191,220	663,303	525,042
Roads and bridges	34,716,201	102,154	-	34,818,355	7,645,762	1,740,917	9,386,679	25,431,676
Buildings under construction	1,384,779	-	(168,169)	1,216,610	-	-	-	1,216,610
Infrastructure	488,650	777,342	-	1,265,992	12,216	43,866	56,082	1,209,910
	177,800,888	\$ 3,343,310	\$ (168,169)	\$ 180,976,029	\$ 66,286,748	\$ 7,284,789	\$ 73,571,537	\$ 107,404,492
	Balance, beginning of year			Cost		Accumulated amortization		2019 Net book value
		Additions	Disposals	Balance, end of year	beginning of year	Amortization	Balance, end of year	
Buildings	\$ 54,624,798	\$ -	\$ -	\$ 54,624,798	\$ 14,760,451	\$ 2,491,270	\$ 17,251,721	\$ 37,373,077
Automotive equipment	6,794,348	588,446	-	7,382,794	5,983,412	410,295	6,393,707	989,087
Housing	77,100,134	1,028,666	-	78,128,800	32,245,523	2,265,736	34,511,259	43,617,541
Equipment	726,178	348,688	-	1,074,866	336,605	135,478	472,083	602,783
Roads and bridges	27,377,372	7,338,829	-	34,716,201	5,909,953	1,735,809	7,645,762	27,070,439
Buildings under construction	-	1,384,779	-	1,384,779	-	-	-	1,384,779
Infrastructure	-	488,650	-	488,650	-	12,216	12,216	476,434
	\$ 166,622,830	\$ 11,178,058	\$ -	\$ 177,800,888	\$ 59,235,944	\$ 7,050,804	\$ 66,286,748	\$ 111,514,140

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

13. Accumulated surplus

	2020	2019
Operating Fund	\$ 9,772,399	\$ 9,420,624
Trust Fund	24,840,461	30,619,641
Capital Asset Fund	89,119,195	92,855,806
Equity in business entities	52,292,079	51,766,913
	\$176,024,134	\$184,662,984

14. Contingent Liabilities

a) Loan guarantees

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

The First Nation has provided a full guarantee on bank loans for Enterprise 203 Holdings Limited Partnership totaling \$428,417 (2019 - \$458,207).

b) Government contributions

Government contributions related to programs of the First Nation are subject to conditions regarding the expenditure of funds. The First 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 First Nation is currently involved in certain legal proceedings. The First Nation is actively defending all lawsuits. The First Nation only records a provision if it can be reasonably estimated. Should a loss be incurred, it will be expensed in the year the liability is determined.

15. Budget Information

The budgeted information for the year ended March 31, 2020 is unaudited and has been provided by management.

16. 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, 2020

17. Expenses

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Administration fees	\$ 342,107	\$ 1,448,461	\$ 127,099
Amortization	7,284,789	7,284,789	7,050,804
Bad debt expense	-	-	11,604
Basic Needs	744,617	1,168,852	846,816
COPH	5,610	52,179	11,195
Cultural events	364,000	928,689	588,403
Donations	-	62,551	15,594
Equipment costs	235,955	140,720	19,848
Insurance	640,611	726,998	498,849
Interest and bank charges	175,894	197,021	115,697
Interest on long-term debt	4,000	1,410,771	1,275,041
Materials and supplies	1,130,131	1,116,800	1,136,465
Office expenses	778,553	576,773	354,116
Per capita distribution	1,077,300	1,178,100	1,204,297
Professional fees	1,850,509	2,831,117	2,015,538
Program costs	2,681,996	2,847,199	2,650,945
Repairs and maintenance	8,967,279	3,619,958	3,132,479
Salaries, wages and benefits	12,906,534	12,165,365	10,161,044
Social assistance	33,548	54,833	8,116
Student allowance	20,000	22,484	168,129
Training and professional development	605,763	363,646	250,293
Travel and meetings	1,501,728	1,951,680	1,532,767
Utilities	841,654	1,011,796	843,041
Vehicle	363,357	149,098	90,384
	\$ 42,555,936	\$ 41,309,880	\$ 34,108,564

18. Settlement Trust

Pursuant to a settlement agreement with the Government of Canada dated March 27, 2007, the 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, 2020

19. Financial Instruments

The First Nation's financial instruments consist of cash, accounts receivable, long-term investments, band member receivables, trust funds, accounts payable, short term financing, promissory note 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 First Nation is not exposed to significant currency risks from its financial instruments. The First 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 First Nation minimizes interest rate risk by borrowing at fixed rates.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The First Nation cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the First Nations operations and financial condition.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information

The First 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 1. The segment results for the period are as follows:

	2020 Budget	Band 2020 Actual	2019 Actual	2020 Budget	Consultation 2020 Actual	2019 Actual
Revenues						
Indigenous Services Canada	\$ 5,531,417	\$ 5,380,138	\$ 4,589,145	-	\$ -	\$ -
Interest income - Ottawa Trust	-	764,811	1,046,877	-	-	-
Change in equity in investments	-	(2,295,614)	2,114,356	-	-	-
First Nations Development Fund	-	402,250	535,311	-	-	-
Royalty income - Ottawa Trust	-	11,262,201	16,428,034	-	-	-
Other revenue	21,664,536	8,218,297	4,582,583	1,000,000	2,533,948	3,972,093
Total revenue	27,195,953	23,732,083	29,296,306	1,000,000	2,533,948	3,972,093
Expenses						
Office expenses	310,695	439,063	218,414	-	14,155	6,833
Professional fees	1,631,509	1,678,137	1,544,833	200,000	1,134,481	460,223
Program costs	1,389,116	1,464,344	1,634,785	714,252	496,014	468,005
Repairs and maintenance	8,910,900	3,060,981	2,974,413	-	4,250	8,645
Salaries, wages and benefits	8,721,771	8,247,054	6,756,357	128,984	159,376	148,462
Travel	677,487	1,326,387	618,180	220,000	179,078	220,102
Vehicle	-	-	-	-	2,610	1,909
Other expenses	5,554,475	16,269,092	13,521,681	(263,236)	97,799	27,332
Total expenses	27,195,953	32,485,058	27,268,663	1,000,000	2,087,763	1,341,511
Annual surplus (deficit)	\$ -	\$ (8,752,975)	\$ 2,027,643	\$ -	\$ 446,185	\$ 2,630,582

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information, continued

	2020 Budget	Health 2020 Actual	2019 Actual	2020 Budget	School 2020 Actual	2019 Actual
Revenues						
Indigenous Services Canada	\$ 2,675,440	\$ 2,801,273	\$ 2,228,226	\$ 2,875,661	\$ 3,493,230	\$ 3,300,967
Other revenue	267,544	5,673	61,819	694,268	104,823	379,878
Total revenue	2,942,984	2,806,946	2,290,045	3,569,929	3,598,053	3,680,845
Expenses						
Office expenses	102,206	191,825	98,899	260,022	18,588	40,287
Professional fees	9,000	8,000	-	10,000	10,500	10,481
Repairs and maintenance	21,500	33,204	13,001	33,278	131,350	136,420
Salaries, wages and benefits	1,561,103	1,458,935	1,022,072	2,494,676	2,300,000	2,234,153
Travel	207,051	349,021	239,528	2,400	21,289	25,878
Vehicle	334,357	116,908	61,488	29,000	29,580	26,987
Other expenses	707,767	786,008	625,461	740,553	1,281,851	963,735
Total expenses	2,942,984	2,943,901	2,060,449	3,569,929	3,793,158	3,437,941
Annual surplus (deficit)	\$ -	\$ (136,955)	\$ 229,596	\$ -	\$ (195,105)	\$ 242,904

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information, continued

			Consolidated totals	
	2020 Budget	2020 Actual		2019 Actual
Revenues				
Indigenous Services Canada	\$ 11,082,518	\$ 11,674,641	\$ 10,118,338	
Interest income - Ottawa Trust	-	764,811	1,046,877	
Equity income on business interest	-	(2,295,614)	2,114,356	
First Nations Development Fund	-	402,250	535,311	
Royalty income - Ottawa Trust	-	11,262,201	16,428,034	
Other revenue	23,626,348	10,862,741	8,996,373	
Total revenue	34,708,866	32,671,030	39,239,289	
Expenses				
Office expenses	672,923	663,631	364,433	
Professional fees	1,850,509	2,831,118	2,015,537	
Program costs	2,103,368	1,960,358	2,102,790	
Repairs and maintenance	8,965,678	3,229,785	3,132,479	
Salaries, wages and benefits	12,906,534	12,165,365	10,161,044	
Travel	1,106,938	1,875,775	1,103,688	
Vehicle	363,357	149,098	90,384	
Other expenses	6,739,559	18,434,750	15,138,209	
Total expenses	34,708,866	41,309,880	34,108,564	
Annual surplus (deficit)	\$ -	\$ (8,638,850)	\$ 5,130,725	