

**O'Chiese First Nation**  
**Consolidated Financial Statements**  
**March 31, 2021**



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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

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**March 31, 2021**

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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:

Original signed by \_\_\_\_\_  
Chief

July 22, 2021 \_\_\_\_\_  
Date

Original signed by \_\_\_\_\_  
Finance Manager

July 22, 2021 \_\_\_\_\_  
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, 2021, 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, 2021, 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 26 - 30 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.

## Independent Auditors' Report (continued)

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

### *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 22, 2021



Chartered Professional Accountants

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## O'Chiese First Nation

### Consolidated Statement of Financial Position

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March 31	2021	2020
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#### Financial Assets

Cash (Note 3)	\$ 25,687,005	\$ 15,374,800
Accounts receivable (Note 4)	843,106	2,152,829
Band member receivables	44,369	6,457
Long-term investments (Note 5)	75,062,526	72,312,125
Federal trust funds (Note 6)	28,608,829	24,840,461
	<b>130,245,835</b>	114,686,672

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#### Liabilities

Accounts payable and accrued liabilities	1,226,100	1,593,386
Deferred revenue (Note 7)	9,972,460	5,995,343
Landfill closure and post-closure liability (Note 8)	175,000	175,000
Long-term debt (Note 9)	17,449,025	18,285,299
Promissory note payable (Note 10)	19,738,564	20,020,046
	<b>48,561,149</b>	46,069,074

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<b>Net financial assets</b>	<b>81,684,686</b>	68,617,598
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#### Non-financial Assets

Capital assets (Note 11)	105,131,155	107,404,492
Prepaid expenses	4,814	2,044
	<b>105,135,969</b>	107,406,536

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<b>Accumulated Surplus (Note 12)</b>	<b>\$186,820,655</b>	\$176,024,134
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Contingent liabilities (Note 13)

Approved on behalf of the Chief and Council

Original signed by \_\_\_\_\_, Chief

Original signed by \_\_\_\_\_, 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

	2021 Budget	2021 Actual	2020 Actual
<b>Revenue</b>			
Federal Government:			
Indigenous Services Canada	\$ 17,309,059	\$ 16,432,533	\$ 11,674,641
CMHC subsidy	215,532	154,255	144,566
HRD funds	240,000	550,986	449,403
First Nations Development Fund	330,000	277,530	402,250
Interest income - Ottawa Trust	-	346,977	764,811
Royalty income - Ottawa Trust	-	20,697,723	11,262,201
Change in equity in investments	-	3,289,604	(2,295,614)
Other income	15,599,978	7,861,207	10,268,772
	<b>33,694,569</b>	<b>49,610,815</b>	32,671,030
<b>Expenses (Note 16)</b>			
Band	31,376,418	30,188,692	32,485,058
Consultation	-	1,158,465	2,087,763
School	3,406,299	3,829,012	3,793,158
Health	3,855,862	3,638,125	2,943,901
	<b>38,638,579</b>	<b>38,814,294</b>	41,309,880
<b>Excess (deficiency) of revenue over expenses</b>	<b>(4,944,010)</b>	<b>10,796,521</b>	(8,638,850)
<b>Accumulated surplus, beginning of year</b>	<b>176,024,134</b>	<b>176,024,134</b>	184,662,984
<b>Accumulated surplus, end of year</b>	<b>\$171,080,124</b>	<b>\$186,820,655</b>	\$176,024,134

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## O'Chiese First Nation

### Consolidated Statement of Change in Net Financial Assets

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For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
Excess (deficiency) of revenue over expenses	\$ (4,944,010)	\$ 10,796,521	\$ (8,638,850)
Acquisition of tangible capital assets	-	(5,202,697)	(3,175,139)
Amortization of tangible capital assets	7,476,033	7,476,033	7,284,790
	7,476,033	2,273,336	4,109,651
Acquisition of prepaid asset	-	(2,769)	30,269
Increase (decrease) in net financial assets	2,532,023	13,067,088	(4,498,935)
Net financial assets, beginning of year	68,617,598	68,617,598	73,116,533
Net financial assets, end of year	\$ 71,149,621	\$ 81,684,686	\$ 68,617,598

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## O'Chiese First Nation

### Consolidated Statement of Cash Flow

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For the year ended March 31, 2021

2021

2020

#### Cash flows from

##### Operating activities

Excess (deficiency) of revenue over expenses	\$ 10,796,521	\$ (8,638,850)
Items not affecting cash		
Amortization	7,476,033	7,284,790
Change in investments	(2,498,401)	1,584,649
Change in contributed surplus on investments	(252,000)	(1,550,000)

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15,522,153 (1,319,411)

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

Accounts receivable	1,309,723	(192,207)
Prepaid expenses	(2,770)	30,269
Accounts payable and accrued liabilities	(367,286)	(512,647)
Deferred revenue	3,977,117	1,799,511
Band member receivables	(37,912)	14,607

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20,401,025 (179,878)

##### Capital activities

Capital asset purchases	(5,202,697)	(3,175,141)
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##### Financing activities

Proceeds of long-term debt	-	510,000
Principal repayments of long-term debt	(1,117,755)	(1,442,857)
Net funds drawn from Trust Funds held in Ottawa	17,276,332	17,806,192
Ottawa Trust additions	(21,044,700)	(12,027,012)
Repayment of short-term financing	-	(2,500,000)

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(4,886,123) 2,346,323

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**Increase (decrease) in cash and cash equivalents** 10,312,205 (1,008,696)

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**Cash and cash equivalents, beginning of year** 15,374,800 16,383,496

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**Cash and cash equivalents, end of year** \$ 25,687,005 \$ 15,374,800

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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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 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 Band Operations
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, 2021)
8. O'Chiese Land Development Corporation (March 31, 2021)
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.
14. Cow Lake General Store & Resort Limited Partnership
15. O'Chiese Cascade Power Limited Partnership
16. O'Chiese Hospitality Limited Partnership

The entities all have December 31, 2020 year ends, unless otherwise noted.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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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, 2021

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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 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.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2021

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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.

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 Nation's 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. Impact of COVID-19 Pandemic

The COVID-19 pandemic has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in an economic slowdown.

In response, the First Nation received from Indigenous Services Canada, \$5,194,638 in additional funding to assist with implementation of public health measures, income assistance initiatives, costs related to reopening as well as flexible funding through the Indigenous Community Support Fund.

The First Nation also implemented remote work arrangements for those able to do so, and implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic on the First Nation's operations and programs.

Effective July 1, 2021, the province of Alberta entered into stage 3 of the Alberta's Open for Summer Plan whereby all public health measures have now been lifted except for isolation/quarantine requirements and masking requirements in health care settings and public transit.

While recovery is underway, the efficacy of COVID-19 vaccines and longevity of the COVID-19 pandemic remains uncertain and as such it is not possible to estimate the length and severity of the pandemic and the impact on the financial results and condition on the First Nation and its operations in future periods.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 3. Cash

	2021	2020
Externally restricted		
CMHC replacement reserve	\$ 289,418	\$ 289,288
Secured Revenues Trust Account (Note 10)	1,575,414	754,964
Province of Alberta - First Nations Development Fund	745,258	558,797
	<b>2,610,090</b>	1,603,049
Internally restricted		
Education fund	1,611,688	1,737,252
Unrestricted		
General accounts	21,465,227	12,034,499
	<b>\$ 25,687,005</b>	\$ 15,374,800

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, Liquor and Cannabis. 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, 2021, the accounts were overdrawn by \$Nil (2020 - \$Nil).

#### 4. Accounts receivable

	2021	2020
Trade receivables	\$ 608,545	\$ 1,812,086
Indigenous Services Canada	215,185	202,114
Yellowhead Tribal Development Foundation	19,376	138,629
	<b>\$ 843,106</b>	\$ 2,152,829

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2021

### 5. Investment in Business Enterprises

	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2021 Total	2020 Total
Assets	\$110,738,934	\$ 13,166,277	\$123,905,211	\$ 95,113,077
Liabilities	\$ 57,642,888	\$ 8,458,781	\$ 66,101,669	\$ 40,851,144
Equity	53,096,046	4,707,496	57,803,542	54,261,933
Total liabilities and equity	\$110,738,934	\$ 13,166,277	\$123,905,211	\$ 95,113,077

	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2021 Total	2020 Total
Revenue	\$ 20,853,599	\$ 7,402,913	\$ 28,256,512	\$ 28,550,472
Expenses	16,780,232	8,297,108	25,077,340	31,037,034
Net income	\$ 4,073,367	\$ (894,195)	\$ 3,179,172	\$ (2,486,562)

	2021	2020
Equity in Business Enterprises	\$ 57,803,542	\$ 54,261,933
Related party receivables	17,258,984	18,050,192
Total investment in Business Enterprises	\$ 75,062,526	\$ 72,312,125

**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, O'Chiese Utilities Limited Partnership, Cow Lake General Store & Resort Limited Partnership, O'Chiese Cascade Power Limited Partnership and O'Chiese Hospitality 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.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 6. Trust funds held by federal government

	March 31, 2020	Income	Withdrawals	March 31, 2021
Ottawa funds held in trust - Capital	\$ 24,327,193	\$ 19,901,197	\$ (16,867,132)	\$ 27,361,258
Ottawa funds held in trust - Revenue	513,268	1,143,503	(409,200)	1,247,571
	<b>\$ 24,840,461</b>	<b>\$ 21,044,700</b>	<b>\$ (17,276,332)</b>	<b>\$ 28,608,829</b>

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, 2020	Funding received	Revenue recognized	March 31, 2021
Indigenous Services Canada	\$ 3,562,308	\$ 19,044,848	\$ (16,432,533)	\$ 6,174,623
First Nation Development Fund	229,411	290,779	(277,530)	242,660
Other	2,203,624	5,011,606	(3,660,053)	3,555,177
	<b>\$ 5,995,343</b>	<b>\$ 24,347,233</b>	<b>\$ (20,370,116)</b>	<b>\$ 9,972,460</b>

#### 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, 2021 is \$175,000 (2020 - \$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, 2021

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#### 9. Long-term debt

	2021	2020
Canada Mortgage and Housing Corporation mortgage with payments of \$1,500 per month including interest at 0.27% maturing February 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	\$ 87,860	\$ 105,155
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.	102,536	119,346
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.	686,150	715,815
Canada Mortgage and Housing Corporation mortgage with payments of \$3,574 per month including interest at 1.30% maturing October 2040, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	741,613	776,419
Canada Mortgage and Housing Corporation mortgage with payments of \$1,871 per month including interest at 1.30% maturing October 2040, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	388,292	406,515
Toyota loan with payments of \$735 per month, secured with equipment with a net book value of \$23,795 (2020 - \$29,744).	17,085	25,909
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.	485,040	501,746
TD Canada Trust loan with blended monthly payments of \$26,287 including interest rate at 3.25% maturing March 2026, secured by the housing units on the reserve land.	3,852,668	4,042,675
TD Canada Trust loan with blended monthly payments of \$73,198 including interest rate at 3.25% maturing March 2026, secured by the school on the reserve land.	11,087,781	11,591,719
	<b>\$ 17,449,025</b>	<b>\$ 18,285,299</b>

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 9. Long-term debt, continued

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

2022	\$ 837,579
2023	863,855
2024	883,032
2025	911,599
2026 and thereafter	13,952,960

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\$ 17,449,025

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#### 10. Promissory note payable

	2021	2020
Financing with the First Nations Finance Authority	\$ 20,950,410	\$ 21,208,940
Debt reserve fund	(1,211,846)	(1,188,894)
	<hr/> \$ 19,738,564	<hr/> \$ 20,020,046

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 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, 2021

### 11. Tangible Capital Assets

	Cost			Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2021 net book value
Buildings	\$ 54,624,798	\$ -	\$ -	\$ 54,624,798	\$ 19,742,991	\$ 2,491,270	\$ 22,234,261	\$ 32,390,537
Automotive equipment	8,298,357	296,857	-	8,595,214	6,903,878	529,814	7,433,692	1,161,522
Housing	79,563,572	895,772	-	80,459,344	36,818,604	2,333,322	39,151,926	41,307,418
Equipment	1,188,345	522,300	-	1,710,645	663,303	286,282	949,585	761,060
Roads and bridges	34,818,355	-	-	34,818,355	9,386,679	1,740,917	11,127,596	23,690,759
Buildings under construction	1,216,610	2,242,599	-	3,459,209	-	-	-	3,459,209
Infrastructure	1,265,992	1,245,169	-	2,511,161	56,082	94,429	150,511	2,360,650
	180,976,029	\$ 5,202,697	\$ -	\$ 186,178,726	\$ 73,571,537	\$ 7,476,034	\$ 81,047,571	\$ 105,131,155

	Cost			Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2020 Net book value
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

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 12. Accumulated surplus

	2021	2020
Operating Fund	\$ 15,205,729	\$ 9,772,399
Trust Fund	28,608,829	24,840,461
Capital Asset Fund	87,682,135	89,119,195
Equity in business entities	55,323,962	52,292,079
	<b>\$186,820,655</b>	<b>\$176,024,134</b>

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#### 13. 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 (2020 - \$2,550,000).

The First Nation has provided a full guarantee on bank loans for Enterprise 203 Holdings Limited Partnership totaling \$307,529 (2020 - \$428,417).

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.

#### 14. Budget Information

The budgeted information for the year ended March 31, 2021 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.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 16. Expenses

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
Administration fees	\$ 763,937	\$ 1,082,582	\$ 1,448,461
Amortization	7,449,877	7,476,033	7,284,789
Basic Needs	1,288,330	1,353,494	1,168,852
COPH	20,000	24,465	52,179
Cultural events	380,900	341,591	928,689
Donations	-	25,701	62,551
Equipment costs	350,730	146,728	260,285
Insurance	515,777	583,152	755,747
Interest and bank charges	267,354	75,144	197,021
Interest on long-term debt	-	695,628	1,410,771
Materials and supplies	638,718	760,197	1,116,800
Office expenses	433,642	359,008	576,773
Per capita distribution	1,200,000	1,181,680	1,178,100
Professional fees	412,100	1,742,435	2,711,552
Program costs	1,455,324	1,337,995	2,847,199
Repairs and maintenance	5,080,860	3,843,460	3,619,958
Salaries, wages and benefits	15,874,192	15,178,835	12,165,365
Social assistance	130,000	94,428	54,833
Student allowance	20,000	13,497	22,484
Training and professional development	275,504	341,142	363,646
Travel and meetings	1,040,391	904,288	1,951,680
Utilities	946,151	1,108,806	1,011,796
Vehicle	94,791	144,005	120,349
	<b>\$ 38,638,579</b>	<b>\$ 38,814,294</b>	<b>\$ 41,309,880</b>

#### 17. 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.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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**March 31, 2021**

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#### **18. Financial Instruments**

The First Nation's financial instruments consist of cash, accounts receivable, long-term investments, band member receivables, trust funds, accounts payable, 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 accounts receivable. 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, 2021

### 19. 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:

	2021 Budget	Band 2021 Actual	2020 Actual	2021 Budget	Consultation 2021 Actual	2020 Actual
Revenues						
Indigenous Services Canada	\$ 8,178,079	\$ 9,299,841	\$ 5,380,138	-	\$ -	\$ -
Interest income - Ottawa Trust	-	346,977	764,811	-	-	-
Change in equity in investments	-	3,289,604	(2,295,614)	-	-	-
First Nations Development Fund	330,000	277,530	402,250	-	-	-
Royalty income - Ottawa Trust	-	20,697,723	11,262,201	-	-	-
Other revenue	16,100,974	6,558,911	8,218,297	-	1,846,403	2,533,948
Total revenue	24,609,053	40,470,586	23,732,083	-	1,846,403	2,533,948
Expenses						
Office expenses	350,852	265,607	439,063	-	1,869	14,155
Professional fees	380,600	1,266,257	1,558,572	-	456,778	1,134,481
Program costs	905,158	657,680	1,464,344	-	347,636	496,014
Repairs and maintenance	4,224,376	2,945,302	3,060,981	-	17,196	4,250
Salaries, wages and benefits	11,165,406	10,363,202	8,247,054	-	185,508	159,376
Travel	796,063	577,884	1,326,387	-	90,897	179,078
Vehicle	-	-	-	-	1,251	2,610
Other expenses	13,553,963	14,112,757	16,388,657	-	57,330	97,799
Total expenses	31,376,418	30,188,689	32,485,058	-	1,158,465	2,087,763
Annual surplus (deficit)	\$ (6,767,365)	\$ 10,281,897	\$ (8,752,975)	-	\$ 687,938	\$ 446,185

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 19. Segmented information, continued

	2021 Budget	Health 2021 Actual	2020 Actual	2021 Budget	School 2021 Actual	2020 Actual
Revenues						
Indigenous Services Canada	\$ 3,601,667	\$ 3,430,354	\$ 2,801,273	\$ 4,051,042	\$ 3,702,338	\$ 3,493,230
Other revenue	101,480	75,228	5,673	1,331,328	85,906	104,823
Total revenue	3,703,147	3,505,582	2,806,946	5,382,370	3,788,244	3,598,053
Expenses						
Office expenses	23,740	110,509	191,825	3,200	3,297	18,588
Professional fees	20,000	8,400	8,000	11,500	11,000	10,500
Repairs and maintenance	846,585	833,216	33,204	9,900	47,744	131,350
Salaries, wages and benefits	2,002,980	1,822,456	1,458,935	2,705,806	2,807,669	2,300,000
Travel	166,645	171,261	349,021	20,540	20,872	21,289
Vehicle	90,291	138,643	116,908	4,500	4,111	831
Other expenses	705,621	553,640	786,008	650,853	934,319	1,310,600
Total expenses	3,855,862	3,638,125	2,943,901	3,406,299	3,829,012	3,793,158
Annual surplus (deficit)	\$ (152,715)	\$ (132,543)	\$ (136,955)	\$ 1,976,071	\$ (40,768)	\$ (195,105)

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2021

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#### 19. Segmented information, continued

	Consolidated totals		
	2021 Budget	2021 Actual	2020 Actual
Revenues			
Indigenous Services Canada	\$ 15,830,788	\$ 16,432,533	\$ 11,674,641
Interest income - Ottawa Trust	-	346,977	764,811
Equity income on business interest	-	3,289,604	(2,295,614)
First Nations Development Fund	330,000	277,530	402,250
Royalty income - Ottawa Trust	-	20,697,723	11,262,201
Other revenue	17,533,781	8,566,448	10,862,741
Total revenue	33,694,569	49,610,815	32,671,030
Expenses			
Office expenses	377,792	381,282	663,631
Professional fees	412,100	1,742,435	2,711,553
Program costs	905,158	1,005,316	1,960,358
Repairs and maintenance	5,080,861	3,843,458	3,229,785
Salaries, wages and benefits	15,874,192	15,178,835	12,165,365
Travel	983,248	860,914	1,875,775
Vehicle	94,791	144,005	120,349
Other expenses	14,910,437	15,658,049	18,583,064
Total expenses	38,638,579	38,814,294	41,309,880
Annual surplus (deficit)	\$ (4,944,010)	\$ 10,796,521	\$ (8,638,850)

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