

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

March 31, 2022



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

March 31, 2022

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O'Chiese First Nation

Management's Responsibility for Financial Reporting

March 31, 2022

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 _____ July 26, 2022
Chief _____ Date

Original signed by _____ July 26, 2022
Finance Manager _____ 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, 2022, 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, 2022, 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.

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 26, 2022

Grove Mackay CPA
Chartered Professional Accountants

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

March 31	2022	2021
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Financial Assets

Cash (Note 3)	\$ 64,035,224	\$ 25,687,005
Accounts receivable (Note 4)	2,168,734	843,106
Band member receivables	53,671	44,369
Long-term investments (Note 5)	80,376,337	75,062,526
Federal trust funds (Note 6)	50,074,435	28,608,829
	196,708,401	130,245,835

Liabilities

Accounts payable and accrued liabilities	1,832,096	1,226,100
Deferred revenue (Note 7)	24,157,477	9,972,460
Landfill closure and post-closure liability (Note 8)	175,000	175,000
Long-term debt (Note 9)	16,603,189	17,449,025
Promissory note payable (Note 10)	43,870,011	19,738,564
	86,637,773	48,561,149

Net financial assets	110,070,628	81,684,686
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Non-financial Assets

Capital assets (Note 11)	105,890,729	105,131,155
Prepaid expenses	392,777	4,814
	106,283,506	105,135,969

Accumulated Surplus (Note 12)	\$216,354,134	\$186,820,655
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Contingent liabilities (Note 13)

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	2022 Budget	2022 Actual	2021 Actual
Revenue			
Federal Government:			
Indigenous Services Canada	\$ 12,493,001	\$ 16,546,075	\$ 16,432,533
CMHC subsidy	-	252,147	154,255
HRD funds	453,856	449,887	550,986
First Nations Development Fund	-	332,396	277,530
Interest income - Ottawa Trust	-	477,920	346,977
Royalty income - Ottawa Trust	-	35,107,657	20,697,723
Change in equity in investments	-	5,044,519	3,289,604
Other income	13,271,154	14,096,370	7,861,207
	26,218,011	72,306,971	49,610,815
Expenses (Note 16)			
Band	17,880,112	32,872,953	30,188,692
Consultation	2,024,143	1,748,374	1,158,465
School	5,849,697	4,251,143	3,829,012
Health	5,750,958	3,901,022	3,638,125
	31,504,910	42,773,492	38,814,294
Excess of revenue over expenses	(5,286,900)	29,533,479	10,796,521
Accumulated surplus, beginning of year	186,820,655	186,820,655	176,024,134
Accumulated surplus, end of year	\$181,533,755	\$216,354,134	\$186,820,655

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

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Excess of revenue over expenses	\$ (5,286,900)	\$ 29,533,479	\$ 10,796,521
Acquisition of tangible capital assets	-	(8,179,866)	(5,202,697)
Amortization of tangible capital assets	<u>7,420,295</u>	<u>7,420,295</u>	<u>7,476,033</u>
	7,420,295	(759,571)	2,273,336
Acquisition of prepaid asset	-	(387,966)	(2,769)
Increase in net financial assets	1,745,432	28,385,942	13,067,088
Net financial assets, beginning of year	81,684,686	81,684,686	68,617,598
Net financial assets, end of year	\$ 83,430,118	\$110,070,628	\$ 81,684,686

O'Chiese First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2022	2022	2021
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 29,533,479	\$ 10,796,521
Items not affecting cash		
Amortization	7,420,295	7,476,033
Change in investments	(2,294,471)	(2,498,401)
Change in contributed surplus on investments	(3,019,341)	(252,000)
	31,639,962	15,522,153
Change in non-cash operating working capital		
Accounts receivable	(1,325,627)	1,309,723
Prepaid expenses	(387,963)	(2,770)
Accounts payable and accrued liabilities	605,991	(367,286)
Deferred revenue	14,185,018	3,977,117
Band member receivables	(9,302)	(37,912)
	44,708,079	20,401,025
Capital activities		
Capital asset purchases	(8,179,867)	(5,202,697)
Financing activities		
Proceeds of long-term debt	26,000,000	-
Principal repayments of long-term debt	(2,714,388)	(1,117,755)
Net funds drawn from Trust Funds held in Ottawa	14,119,972	17,276,332
Ottawa Trust additions	(35,585,577)	(21,044,700)
	1,820,007	(4,886,123)
Increase in cash and cash equivalents	38,348,219	10,312,205
Cash and cash equivalents, beginning of year	25,687,005	15,374,800
Cash and cash equivalents, end of year	\$ 64,035,224	\$ 25,687,005

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

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, 2022)
8. O'Chiese Land Development Corporation (March 31, 2022)
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, 2021 year ends, unless otherwise noted.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

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, 2022

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, 2022

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, \$6,472,534 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.

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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

3. Cash

	2022	2021
Externally restricted		
CMHC replacement reserve	\$ 289,755	\$ 289,418
Secured Revenues Trust Account (Note 10)	28,151,471	1,575,414
Province of Alberta - First Nations Development Fund	693,890	745,258
	<hr/> 29,135,116	<hr/> 2,610,090
Internally restricted		
Education fund	1,503,881	1,611,688
Unrestricted		
General accounts	33,396,227	21,465,227
	<hr/> \$ 64,035,224	<hr/> \$ 25,687,005

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, 2022, the accounts were overdrawn by \$Nil (2021 - \$Nil).

4. Accounts receivable

	2022	2021
Trade receivables		
Indigenous Services Canada	\$ 2,030,597	\$ 608,545
Government of Alberta	13,100	215,185
Yellowhead Tribal Development Foundation	52,885	-
	<hr/> 72,152	<hr/> 19,376
	<hr/> \$ 2,168,734	<hr/> \$ 843,106

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

5. Investment in Business Enterprises

	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2022 Total	2021 Total
Assets				

Assets	\$ 125,836,455	\$ 12,311,878	\$ 138,148,333	\$ 123,905,211
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Liabilities	\$ 63,586,130	\$ 8,694,806	\$ 72,280,936	\$ 66,101,669
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Equity	62,250,325	3,617,072	65,867,397	57,803,542
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Total liabilities and equity	\$ 125,836,455	\$ 12,311,878	\$ 138,148,333	\$ 123,905,211
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	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2022 Total	2021 Total
Revenue				

Revenue	\$ 41,322,504	\$ 7,286,893	\$ 48,609,397	\$ 28,256,512
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Expenses	34,846,419	8,377,312	43,223,731	25,077,340
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Net income	\$ 6,476,085	\$ (1,090,419)	\$ 5,385,666	\$ 3,179,172
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	2022	2021
Equity in Business Enterprises	\$ 65,867,397	\$ 57,803,542
Related party receivables	14,508,940	17,258,984
Total investment in Business Enterprises	\$ 80,376,337	\$ 75,062,526

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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Trust funds held by federal government

	March 31, 2021	Income	Withdrawals	March 31, 2022
Ottawa funds held in trust - Capital	\$ 27,361,258	\$ 34,168,171	\$ (13,723,472)	\$ 47,805,957
Ottawa funds held in trust - Revenue	1,247,571	1,417,406	(396,500)	2,268,477
	\$ 28,608,829	\$ 35,585,577	\$ (14,119,972)	\$ 50,074,434

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, 2021	Funding received	Revenue recognized	March 31, 2022
Indigenous Services Canada	\$ 6,174,623	\$ 25,304,142	\$ (16,546,075)	\$ 14,932,690
CMHC	-	6,553,382	(252,147)	6,301,235
First Nation Development Fund	242,660	483,150	(332,396)	393,414
Other	3,555,177	8,714,404	(9,739,442)	2,530,138
	\$ 9,972,460	\$ 41,055,078	\$ (26,870,060)	\$ 24,157,477

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, 2022 is \$175,000 (2021 - \$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, 2022

9. Long-term debt

	2022	2021
Canada Mortgage and Housing Corporation mortgage with payments of \$1,523 per month including interest at 0.98% maturing February 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	\$ 70,211	\$ 87,860
Canada Mortgage and Housing Corporation mortgage with payments of \$1,492 per month including interest at 0.52% maturing January 2027, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	85,427	102,536
Canada Mortgage and Housing Corporation mortgage with payments of \$3,217 per month including interest at 1.51% maturing November 2041, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	656,658	686,150
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.	707,899	741,613
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.	370,640	388,292
Toyota loan with payments of \$735 per month, secured with equipment with a net book value of \$19,036 (2021 - \$23,795).	12,674	17,085
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.	468,070	485,040
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.	3,669,078	3,852,668
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.	10,562,532	11,087,781
	\$ 16,603,189	\$ 17,449,025

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

9. Long-term debt, continued

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

2023	\$ 863,855
2024	883,032
2025	911,599
2026	936,445
2027 and thereafter	13,008,258
	\$ 16,603,189

10. Promissory note payable

	2022	2021
Financing with the First Nations Finance Authority	\$ 46,401,314	\$ 20,950,410
Debt reserve fund	(2,531,302)	(1,211,846)
	\$ 43,870,012	\$ 19,738,564

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 multiple rates between 3.06% and 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.

During the year, the Nation received an additional \$26 million in financing from FNFA which will be used in the businesses in future years.

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, 2022

11. Tangible Capital Assets

	Cost			Accumulated amortization			2022 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 54,624,798	\$ -	\$ 54,624,798	\$ 22,234,261	\$ 2,229,343	\$ 24,463,604	\$ 30,161,194
Automotive equipment	8,595,214	502,717	9,097,931	7,433,692	544,700	7,978,392	1,119,539
Housing	80,459,344	121,132	80,580,476	39,151,926	2,336,835	41,488,761	39,091,715
Equipment	1,710,645	862,687	2,573,332	949,585	419,843	1,369,428	1,203,904
Roads and bridges	34,818,355	-	34,818,355	11,127,596	1,740,917	12,868,513	21,949,842
Buildings under construction	3,459,209	5,769,448	9,228,657	-	-	-	9,228,657
Infrastructure	2,511,161	923,883	3,435,044	150,511	148,655	299,166	3,135,878
	186,178,726	\$ 8,179,867	\$ 194,358,593	\$ 81,047,571	\$ 7,420,293	\$ 88,467,864	\$ 105,890,729
Cost							
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2021 Net book value
	\$ 54,624,798	\$ -	\$ 54,624,798	\$ 19,742,991	\$ 2,491,270	\$ 22,234,261	\$ 32,390,537
Buildings	8,298,357	296,857	8,595,214	6,903,878	529,814	7,433,692	1,161,522
Automotive equipment	79,563,572	895,772	80,459,344	36,818,604	2,333,322	39,151,926	41,307,418
Housing	1,188,345	522,300	1,710,645	663,303	286,282	949,585	761,060
Equipment	34,818,355	-	34,818,355	9,386,679	1,740,917	11,127,596	23,690,759
Roads and bridges	1,216,610	2,242,599	3,459,209	-	-	-	3,459,209
Buildings under construction	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

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

12. Accumulated surplus

	2022	2021
Operating Fund	\$ 12,334,362	\$ 15,205,729
Trust Fund	50,074,434	28,608,829
Capital Asset Fund	89,287,541	87,682,135
Equity in business entities	64,657,797	55,323,962
	\$216,354,134	\$186,820,655

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 (2021 - \$2,550,000).

The First Nation has provided a full guarantee on bank loans for Enterprise 203 Holdings Limited Partnership totaling \$285,179 (2021 - \$307,529).

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, 2022 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, 2022

16. Expenses

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Administration fees	\$ 607,766	\$ 376,370	\$ 1,082,582
Amortization	7,420,294	7,420,294	7,476,033
Basic Needs	-	1,703,872	1,353,494
COPH	-	62,715	24,465
Cultural events	60,000	461,146	341,591
Donations	20,000	185,275	25,701
Equipment costs	228,000	132,871	146,728
Insurance	467,000	547,662	583,152
Interest and bank charges	45,800	78,877	75,144
Interest on long-term debt	4,000	1,349,154	695,628
Materials and supplies	2,607,850	1,210,684	760,197
Office expenses	677,538	432,276	359,008
Per capita distribution	-	1,175,096	1,181,680
Professional fees	1,241,650	1,495,114	1,742,435
Program costs	1,863,604	2,057,180	1,337,995
Repairs and maintenance	912,076	3,142,793	3,843,460
Salaries, wages and benefits	12,422,593	16,960,100	15,178,835
Special Needs	-	10,031	94,428
Student allowance	20,000	43,528	13,497
Training and professional development	655,820	278,593	341,142
Travel and meetings	1,306,669	2,221,825	904,288
Utilities	800,112	1,282,624	1,108,806
Vehicle	144,137	145,412	144,005
	\$ 31,504,910	\$ 42,773,492	\$ 38,814,294

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.

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

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, 2022

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:

	2022 Budget	Band 2022 Actual	2021 Actual	2022 Budget	Consultation 2022 Actual	2021 Actual
Revenues						
Indigenous Services Canada	\$ 58,648	\$ 14,610,362	\$ 9,299,841	-	\$ -	\$ -
Interest income - Ottawa Trust	-	477,920	346,977	-	-	-
Change in equity in investments	-	5,044,519	3,289,604	-	-	-
First Nations Development Fund	-	332,396	277,530	-	-	-
Royalty income - Ottawa Trust	-	35,107,657	20,697,723	-	-	-
Other revenue	10,789,034	5,030,395	6,558,911	3,186,099	3,434,721	1,846,403
Total revenue	10,847,682	60,603,249	40,470,586	3,186,099	3,434,721	1,846,403
Expenses						
Office expenses	244,148	301,659	265,607	195,000	-	1,869
Professional fees	346,650	706,213	1,266,257	875,000	768,601	456,778
Program costs	631,438	1,268,233	657,680	543,000	417,979	347,636
Repairs and maintenance	344,224	2,997,462	2,945,302	5,000	9,269	17,196
Salaries, wages and benefits	6,049,794	11,322,801	10,363,202	231,000	186,097	185,508
Travel	780,907	1,802,444	577,884	75,000	87,162	90,897
Vehicle	-	-	-	-	7,761	1,251
Other expenses	9,482,951	14,474,138	14,112,757	29,000	271,506	57,330
Total expenses	17,880,112	32,872,950	30,188,689	1,953,000	1,748,375	1,158,465
Annual surplus (deficit)	\$ (7,032,430)	\$ 27,730,299	\$ 10,281,897	\$ 1,233,099	\$ 1,686,346	\$ 687,938

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

19. Segmented information, continued

	2022 Budget	Health 2022 Actual	2021 Actual	2022 Budget	School 2022 Actual	2021 Actual
Revenues						
Indigenous Services Canada	\$ 5,413,544	\$ 3,990,466	\$ 3,430,354	\$ 6,550,955	\$ 3,905,969	\$ 3,702,338
Other revenue	30,000	182,835	75,228	189,731	189,732	85,906
Total revenue	5,443,544	4,173,301	3,505,582	6,740,686	4,095,701	3,788,244
Expenses						
Office expenses	22,860	111,374	110,509	4,000	2,985	3,297
Professional fees	20,000	8,800	8,400	-	11,500	11,000
Program costs	147,000	-	-	-	-	-
Repairs and maintenance	551,853	116,846	833,216	11,000	19,211	47,744
Salaries, wages and benefits	2,478,620	2,369,060	1,822,456	3,663,179	3,082,142	2,807,669
Travel	358,694	241,769	171,261	34,925	17,780	20,872
Vehicle	124,637	113,642	138,643	19,500	24,009	4,111
Other expenses	2,047,294	939,532	553,640	2,117,094	1,093,515	934,319
Total expenses	5,750,958	3,901,023	3,638,125	5,849,698	4,251,142	3,829,012
Annual surplus (deficit)	\$ (292,414)	\$ 272,278	\$ (132,543)	\$ 890,989	\$ (155,441)	\$ (40,768)

O'Chiese First Nation

Notes to Consolidated Financial Statements

March 31, 2022

19. Segmented information, continued

		Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	
Revenues				
Indigenous Services Canada	\$ 12,493,001	\$ 16,546,075	\$ 16,432,533	
Interest income - Ottawa Trust	-	477,920	346,977	
Equity income on business interest	-	5,044,519	3,289,604	
First Nations Development Fund	-	332,396	277,530	
Royalty income - Ottawa Trust	-	35,107,657	20,697,723	
Other revenue	13,725,009	14,798,404	8,566,448	
Total revenue		26,218,010	72,306,972	49,610,815
Expenses				
Office expenses	466,008	416,018	381,282	
Professional fees	1,241,650	1,495,114	1,742,435	
Program costs	1,321,438	1,686,212	1,005,316	
Repairs and maintenance	912,077	3,142,788	3,843,458	
Salaries, wages and benefits	12,422,593	16,960,100	15,178,835	
Travel	1,249,526	2,149,155	860,914	
Vehicle	144,137	145,412	144,005	
Other expenses	13,676,339	16,778,694	15,658,049	
Total expenses		31,433,768	42,773,493	38,814,294
Annual surplus (deficit)	\$ (5,200,757)	\$ 29,533,479	\$ 10,796,521	