

**O'Chiese First Nation**

**Consolidated Financial Statements**

**March 31, 2023**



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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, 2023**

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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 28, 2023 \_\_\_\_\_  
Date

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

July 28, 2023 \_\_\_\_\_  
Date

## **Independent Auditors' Report**

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

#### *Qualified 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, 2023, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, its remeasurement gains and losses, 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 Qualified Opinion*

As discussed in Note 10 to the consolidated financial statements, not all asset retirement obligations have been correctly estimated, recorded and disclosed on the consolidated statement of financial position both as at April 1, 2022, the transition date when these standards first applied and as at the year end March 31, 2023. Management believes that the cost of any future material obligation will be offset by a funding agency. The Nation's tangible capital assets represent a significant amount of the assets of the consolidated financial statements as at March 31, 2023 and we were unable to obtain sufficient information regarding the effect of the asset retirement obligations on the consolidated financial statements. Therefore we were unable to determine whether any adjustments might be necessary to expenses, excess of revenue over expenses and cash flows from operating activities for the year ended March 31, 2023, and net financial assets, non-financial assets and accumulated surplus as at April 1, 2022 and March 31, 2023.

#### *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 28, 2023

  
Chartered Professional Accountants

## O'Chiese First Nation

### Consolidated Statement of Financial Position

March 31	2023	2022
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#### Financial Assets

Cash (Note 4)	\$ 56,899,437	\$ 64,035,224
Accounts receivable (Note 5)	1,956,872	2,168,734
Band member receivables	14,021	53,671
Marketable securities (Note 3)	2,008,827	-
Long-term investments (Note 7)	103,893,873	80,376,337
Federal trust funds (Note 8)	95,337,697	50,074,435
	<b>260,110,727</b>	<b>196,708,401</b>

#### Liabilities

Accounts payable and accrued liabilities (Note 6)	10,746,733	1,832,096
Deferred revenue (Note 9)	18,469,748	24,157,477
Asset retirement obligation (Note 10)	175,000	175,000
Long-term debt (Note 11)	15,782,556	16,603,189
Promissory note payable (Note 12)	42,621,293	43,870,011
	<b>87,795,330</b>	<b>86,637,773</b>

<b>Net financial assets</b>	<b>172,315,397</b>	<b>110,070,628</b>
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#### Non-financial Assets

Capital assets (Note 13)	110,750,412	105,890,729
Prepaid expenses	385,426	392,777
	<b>111,135,838</b>	<b>106,283,506</b>

<b>Accumulated Surplus (Note 14)</b>	<b>\$283,451,235</b>	<b>\$216,354,134</b>
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#### Accumulated Surplus consists of

Accumulated operating surplus	283,442,408	216,354,134
Accumulated remeasurement gains, end of year	8,827	-

<b>Accumulated Surplus</b>	<b>283,451,235</b>	<b>216,354,134</b>
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Contingent liabilities (Note 15)

Approved on behalf of the Chief and Council

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

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## O'Chiese First Nation

### Consolidated Statement of Remeasurement Gains and Losses

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For the year ended March 31	2023		2022
Accumulated remeasurement gains, beginning of year	\$	-	\$ -
Unrealized gains attributable to:			
Designated fair value investments in marketable securities (note 3)		8,827	-
Net remeasurement gains		8,827	-
Accumulated remeasurement gains, end of year	\$	8,827	\$ -

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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

	2023 Budget	2023 Actual	2022 Actual
<b>Revenue</b>			
Federal Government:			
Indigenous Services Canada	\$ 14,771,091	\$ 24,733,573	\$ 16,546,075
CMHC subsidy	-	6,608,337	252,147
HRD funds	-	444,453	449,887
First Nations Development Fund	-	357,416	332,396
Interest income - Ottawa Trust	-	1,380,759	477,920
Royalty income - Ottawa Trust	-	63,979,792	35,107,657
Change in equity in investments	-	14,665,667	5,044,519
Other income	15,440,874	13,730,038	14,048,366
	30,211,965	125,900,035	72,258,967
<b>Expenses (Note 18)</b>			
Band	19,693,303	44,810,207	32,857,950
Consultation	2,179,774	3,445,261	1,748,374
School	7,361,027	5,609,530	4,251,143
Health	8,075,519	4,946,769	3,868,022
	37,309,623	58,811,767	42,725,489
<b>Excess of revenue over expenses</b>	(7,097,658)	67,088,274	29,533,479
<b>Accumulated surplus, beginning of year</b>	216,354,134	216,354,134	186,820,655
<b>Accumulated surplus, end of year</b>	\$209,256,476	\$283,442,408	\$216,354,134

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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	2023 Budget	2023 Actual	2022 Actual
Excess of revenue over expenses	\$ (7,097,658)	\$ 67,088,274	\$ 29,533,479
Acquisition of tangible capital assets	-	(13,003,279)	(8,179,866)
Amortization of tangible capital assets	8,143,602	8,143,602	7,420,295
	8,143,602	(4,859,677)	(759,571)
Acquisition of prepaid asset	7,351	7,351	(387,966)
Remeasurement gain	-	8,827	-
Increase in net financial assets	1,053,295	62,244,769	28,385,942
Net financial assets, beginning of year	110,070,628	110,070,628	81,684,686
Net financial assets, end of year	\$111,123,923	\$172,315,397	\$110,070,628

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## O'Chiese First Nation

### Consolidated Statement of Cash Flow

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For the year ended March 31, 2023

2023

2022

#### Cash flows from

##### Operating activities

Excess of revenue over expenses	\$ 67,088,274	\$ 29,533,479
Items not affecting cash		
Amortization	8,143,602	7,420,295
Change in long-term investments	(23,517,536)	(2,294,471)
Change in contributed surplus on investments	-	(3,019,341)

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	51,714,340	31,639,962
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#### Change in non-cash operating working capital

Accounts receivable	211,860	(1,325,627)
Prepaid expenses	7,351	(387,963)
Accounts payable and accrued liabilities	8,914,641	605,991
Deferred revenue	(5,687,730)	14,185,018
Band member receivables	39,650	(9,302)

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	55,200,112	44,708,079
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##### Capital activities

Capital asset purchases	(13,003,279)	(8,179,867)
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##### Financing activities

Proceeds of long-term debt	73,978	26,000,000
Principal repayments of long-term debt	(2,143,329)	(2,714,388)
Net funds drawn from Trust Funds held in Ottawa	20,564,087	14,119,972
Ottawa Trust additions	(65,827,350)	(35,585,577)

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	(47,332,614)	1,820,007
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##### Investing activities

Acquisition of marketable securities	(2,000,000)	-
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Increase (decrease) in cash and cash equivalents	(7,135,781)	38,348,219
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Cash and cash equivalents, beginning of year	64,035,224	25,687,005
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Cash and cash equivalents, end of year	\$ 56,899,437	\$ 64,035,224
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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2023

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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, 2023)
8. O'Chiese Land Development Corporation (March 31, 2023)
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. O'Chiese Cascade Power Limited Partnership
14. O'Chiese Hospitality Limited Partnership

The entities all have December 31, 2022 year ends, unless otherwise noted.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2023

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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, 2023

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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
Leasehold improvements	25 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.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2023

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

#### (e) Financial instruments

##### Measurement

The Nation measures all its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, portfolio investments in equity instruments that are quoted in an active market and portfolio investments that the Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and trust funds held by Ottawa. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, promissory note payable and long-term debt.

Financial assets measured at fair value include marketable securities in equity instruments. The First Nation has also elected to measure at fair value instruments for which it defines and implements a risk management or investment strategy to manage and evaluate the performance on a fair value basis alongside its equity instruments. Those instruments are: mutual funds managed and evaluated alongside equity instruments under one portfolio.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly, such as prices, or indirectly, such as those derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

##### Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Consolidated Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

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March 31, 2023

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

#### **Impairment**

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Consolidated Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Consolidated Statement of Operations when received, except for recoveries of impaired portfolio investments. Future recoveries of impaired portfolio investments are not recognized. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Consolidated Statement of Remeasurement Gains and Losses.

#### **(f) Asset retirement obligation**

A liability is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

#### **(g) 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 consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The 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.

**March 31, 2023**

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**2. Change in Accounting Policy from Changes to Accounting Standards**

The Nation adopted the following new accounting policies due to changes in the Public Sector Accounting Standards of the CPA Canada Handbook. The new standards are effective for years beginning on or after April 1, 2022 (the transition date):

**Financial Statement Presentation**

On April 1, 2022, the Nation adopted Section PS 1201 "Financial Statement Presentation", which replaced the existing PS 1200 standard. The new standard introduces a Consolidated Statement of Remeasurement Gains and Losses, which includes unrealized gains and losses on financial instruments that are measured at fair value and unrealized foreign exchange gains and losses on items in the amortized cost category. In addition, accumulated surplus on the Consolidated Statement of Financial Position is presented as the total of the accumulated operating surplus and the accumulated remeasurement gains and losses.

The Nation has applied the change prospectively on the transition date in accordance with the transition provisions.

The adoption of the new requirements resulted in an introduction of the Consolidated Statement of Remeasurement Gains and Losses and disclosure of the accumulated remeasurement gains and losses on the Consolidated Statement of Financial Position.

**Financial Instruments**

On April 1, 2022, the Nation adopted Section PS 3450 "Financial Instruments". The new standard provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are measured at either (i) fair value or (ii) cost or amortized cost. For financial instruments measured at fair value, unrealized gains and losses are reported on the Consolidated Statement of Remeasurement Gains and Losses and realized gains and losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses to the Consolidated Statement of Operations.

The Nation must also disclose both qualitative and quantitative information on its exposure to financial instrument risk.

The Nation has applied the new standard prospectively on the transition date in accordance with the following transitional provisions:

- Recognition, derecognition and measurement policies followed in the financial statements for periods prior to the transition date are not reversed. Therefore, the financial statements of prior periods, including comparative information, have not been restated.
- At the transition date:
  - The Nation recognized all financial assets and financial liabilities on its Consolidated Statement of Financial Position and classified items at (i) fair value or (ii) cost or amortized cost.
  - The Nation elected to measure at fair value instruments for which it defines and implements a risk management or investment strategy to manage and evaluate the performance on a fair value basis. Those instruments are: fixed income securities and mutual funds that are managed and evaluated alongside equity instruments under one portfolio.
  - The Nation measured portfolio investments in equity instruments that are quoted in an active market at fair value. The difference between a financial instrument's fair value and its previous carrying amount was recognized as an adjustment to the accumulated remeasurement gains and losses at the transition date.
- No adjustment to an item's carrying value was made to retroactively expense transaction costs applicable to items in the fair value category.



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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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**March 31, 2023**

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The adoption of the new requirements required the First Nation to record its portfolio investments at fair value.

The adoption also resulted in the additional disclosures described in note 20 of the consolidated financial statements.

#### **Portfolio Investments**

On April 1, 2022, the Nation adopted Section PS 3041 "Portfolio Investments", which replaced the existing PS 3040 standard. The new standard removes the distinction between temporary and portfolio investments and removes the exclusion of pooled investment funds from its scope. Under the new standard, portfolio investments are measured in accordance with PS 3450 Financial Instruments.

The Nation has applied the change prospectively on the transition date, in accordance with the applicable transitional provisions as described under PS 3450 Financial Instruments.

The adoption of the new requirements resulted in the changes as described in the change in accounting policy PS 3450 Financial Instruments.

#### **Asset Retirement Obligations**

On April 1, 2022, the Nation adopted Section PS 3280 "Asset Retirement Obligations", which replaced the existing PS 3270 "Solid Waste Landfill Closure and Post-Closure Liability" standard. The new standard applies to asset retirement obligations associated with tangible capital assets controlled by the entity that are in productive use or no longer in productive use. It establishes requirements for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets.

Not all asset retirement obligations have been estimated and recorded in the consolidated financial statements. Therefore, the impact of the adoption of these new requirements to the Nation's consolidated financial statements is unknown.

### **3. Marketable securities**

Marketable securities include mutual funds that the First Nation elected to record at fair value measured using Level 2 measurements.

	2023 Level 2	2023 Total Fair Value	2022 Total Fair Value
<b>Securities Designated at Fair Value</b>			
Mutual funds	\$ 2,008,827	\$ 2,008,827	\$ -

As at March 31, 2023, the cost of the marketable securities was \$2,000,466.

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2023

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#### 4. Cash

	2023	2022
Externally restricted		
CMHC replacement reserve	\$ 290,062	\$ 289,755
Secured Revenues Trust Account (Note 12)	18,395,583	28,151,471
Province of Alberta - First Nations Development Fund	1,098,910	693,890
	<b>19,784,555</b>	29,135,116
Internally restricted		
Education fund	1,298,593	1,503,881
Unrestricted		
General accounts	35,816,289	33,396,227
	<b>\$ 56,899,437</b>	\$ 64,035,224

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, 2023, the accounts were overdrawn by \$Nil (2022 - \$Nil).

#### 5. Accounts receivable

	2023	2022
Trade receivables	\$ 1,893,079	\$ 2,030,597
Indigenous Services Canada	10,392	13,100
Government of Alberta	53,401	52,885
Yellowhead Tribal Development Foundation	-	72,152
	<b>\$ 1,956,872</b>	\$ 2,168,734

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2023

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#### 6. Accounts payable and accrued liabilities

	2023	2022
Trade	\$ 1,767,082	\$ 4,986,542
Accrued liabilities	8,979,651	270,100
	<b>\$ 10,746,733</b>	<b>\$ 1,832,093</b>

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# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2023

### 7. Investment in Business Enterprises

	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2023 Total	2022 Total
Assets	\$142,068,783	\$ 11,685,747	\$153,754,530	\$138,148,333
Liabilities	\$ 64,539,430	\$ 8,682,036	\$ 73,221,466	\$ 72,280,936
Equity	77,529,353	3,003,711	80,533,064	65,867,397
Total liabilities and equity	\$142,068,783	\$ 11,685,747	\$153,754,530	\$138,148,333

	O'Chiese Limited Partnerships (Note A)	O'Chiese Corporations (Note B)	2023 Total	2022 Total
Revenue	\$ 56,834,151	\$ 8,597,143	\$ 65,431,294	\$ 48,609,397
Expenses	41,555,016	8,766,877	50,321,893	43,223,731
Net income	\$ 15,279,135	\$ (169,734)	\$ 15,109,401	\$ 5,385,666

	2023	2022
Equity in Business Enterprises	\$ 80,533,064	\$ 65,867,397
Related party receivables	23,360,809	14,199,880
Total investment in Business Enterprises	\$103,893,873	\$ 80,376,337

**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, 2023

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

	March 31, 2022	Income	Withdrawals	March 31, 2023
Ottawa funds held in trust - Capital	\$ 47,805,958	\$ 62,911,414	\$ (19,026,608)	\$ 91,690,764
Ottawa funds held in trust - Revenue	2,268,477	2,449,137	(1,070,680)	3,646,933
	<b>\$ 50,074,435</b>	<b>\$ 65,360,551</b>	<b>\$ (20,097,288)</b>	<b>\$ 95,337,697</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.

#### 9. 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, 2022	Funding received	Revenue recognized	March 31, 2023
Indigenous Services Canada	\$ 14,932,690	\$ 24,913,997	\$ (24,733,573)	\$ 15,113,114
CMHC	6,301,235	307,102	(6,608,337)	-
First Nation Development Fund	393,414	630,384	(357,416)	666,382
Other	2,530,139	13,890,151	(13,730,038)	2,690,252
	<b>\$ 24,157,477</b>	<b>\$ 39,741,634</b>	<b>\$ (45,429,364)</b>	<b>\$ 18,469,748</b>

#### 10. Asset retirement obligation

Not all asset retirement obligations have been estimated, recorded and disclosed correctly in the consolidated financial statements due to the difficulty in determining the amount of obligation. In addition, management believes that the Nation will receive sufficient government funding sufficient to cover any asset retirement obligations as they arise, resulting in the net effect to the consolidated statement of financial position to be nil.

The liability that has been recorded by the First Nation as at March 31, 2023 is \$175,000 (2022 - \$175,000) and represents the estimated present value of the retirement obligation of the landfill site. 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, 2023

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#### 11. Long-term debt

	2023	2022
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.	\$ 52,539	\$ 70,211
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.	68,548	85,427
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.	627,747	656,658
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.	673,990	707,899
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.	352,886	370,640
Toyota loan with payments of \$735 per month, secured with equipment with a net book value of \$19,036 (2022 - \$23,795).	4,248	12,674
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.	450,812	468,070
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.	3,460,499	3,669,078
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.	10,019,522	10,562,532
Scotiabank vehicle loan with blended monthly payments of \$953 including interest rate at 5.49% maturing December 2030, secured by a vehicle with a net book value of \$59,183.	71,765	-
	<b>\$ 15,782,556</b>	<b>\$ 16,603,189</b>

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2023

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

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

2024	\$ 916,208
2025	939,310
2026	12,056,448
2027	129,120
2028 and thereafter	1,741,470

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\$ 15,782,556

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#### 12. Promissory note payable

	2023	2022
Financing with the First Nations Finance Authority	\$ 45,292,331	\$ 46,401,314
Debt reserve fund	(2,671,038)	(2,531,303)
	<hr/> \$ 42,621,293	<hr/> \$ 43,870,011

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 4) 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, 2023

### 13. Tangible Capital Assets

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2023 net book value
Buildings	\$ 54,624,798	\$ 669,702	\$ 55,294,500	\$ 24,463,604	\$ 2,196,073	\$ 26,659,677	\$ 28,634,823
Automotive equipment	9,097,931	1,280,961	10,378,892	7,978,392	708,273	8,686,665	1,692,227
Housing	80,580,476	12,854,777	93,435,253	41,488,761	2,709,623	44,198,384	49,236,869
Equipment	2,573,332	1,419,382	3,992,714	1,369,428	590,563	1,959,991	2,032,723
Leasehold improvements	-	542,108	542,108	-	10,842	10,842	531,266
Roads and bridges	34,818,355	255,990	35,074,345	12,868,513	1,753,716	14,622,229	20,452,116
Buildings under construction	9,228,657	(4,129,899)	5,098,758	-	-	-	5,098,758
Infrastructure	3,435,044	110,261	3,545,305	299,166	174,509	473,675	3,071,630
	194,358,593	\$ 13,003,282	\$ 207,361,875	\$ 88,467,864	\$ 8,143,599	\$ 96,611,463	\$ 110,750,412

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2022 Net book value
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



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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2023

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#### 14. Accumulated surplus

	2023	2022
Operating Fund	\$ 13,468,693	\$ 12,334,362
Trust Fund	95,337,697	50,074,434
Capital Asset Fund	94,967,854	89,287,541
Equity in business entities	79,668,164	64,657,797
Remeasurement gains	8,827	-
	<b>\$283,451,235</b>	<b>\$216,354,134</b>

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#### 15. 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 (2022 - \$2,550,000).

The First Nation has provided a full guarantee on bank loans for Enterprise 203 Holdings Limited Partnership totaling \$262,643 (2022 - \$285,179).

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.

#### 16. Budget Information

The budgeted information for the year ended March 31, 2023 is unaudited and has been provided by management.

#### 17. 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, 2023

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#### 18. Expenses

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Administration fees	\$ 1,049,452	\$ 568,591	\$ 802,141
Amortization	8,143,599	8,143,599	7,420,294
Basic Needs	-	1,856,055	1,703,872
COPH	-	64,949	62,715
Cultural events	60,000	1,251,284	461,146
Donations	10,000	1,346,620	185,275
Equipment costs	138,000	286,168	132,871
Insurance	480,000	678,405	421,484
Interest and bank charges	31,200	88,872	81,985
Interest on long-term debt	-	1,899,102	1,349,154
Materials and supplies	5,019,196	2,829,355	1,185,684
Office expenses	748,930	828,847	443,431
Per capita distribution	-	2,925,662	1,175,096
Professional fees	1,452,550	2,312,300	1,480,114
Program costs	1,705,867	6,541,510	2,054,072
Repairs and maintenance	1,355,074	3,529,972	3,142,788
Salaries, wages and benefits	12,688,012	17,428,897	16,515,179
Special Needs	-	40,159	10,031
Student allowance	20,000	22,373	43,528
Training and professional development	702,711	522,932	278,593
Travel and meetings	1,932,195	3,299,570	2,221,825
Utilities	1,233,306	1,944,677	1,282,624
Vehicle	539,530	401,871	271,590
	<b>\$ 37,309,623</b>	<b>\$ 58,811,770</b>	<b>\$ 42,725,489</b>

#### 19. 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, 2023

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#### 20. Risk management

Transacting in and holding of financial instruments exposes the Nation to certain financial risks and uncertainties. Qualitative and quantitative analysis of the significant risks are as follows:

##### (a) Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation's exposure to liquidity risk relates to accounts payable and accrued liabilities, promissory note payable and long-term debt and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through active working capital management including monitoring current and future cash flow requirements in consideration of current credit facilities and management of expenses. Accounts payable and accrued liabilities are due within 30 days of receipt of an invoice. The contractual maturities of long-term debt are disclosed in Note 11. The contractual maturity of the promissory note payable is disclosed in Note 12.

There have been no significant changes to the liquidity risk from the previous year.

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2023

### 21. 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:

	2023 Budget	Band 2023 Actual	2022 Actual	2023 Budget	Consultation 2023 Actual	2022 Actual
Revenues						
Indigenous Services Canada	\$ 93,025	\$ 16,635,349	\$ 14,610,362	\$ 565,113	\$ 434,113	-
Interest income - Ottawa Trust	-	1,380,759	477,920	-	-	-
Change in equity in investments	-	14,665,667	5,044,519	-	-	-
First Nations Development Fund	-	630,384	332,396	-	-	-
Royalty income - Ottawa Trust	-	63,979,792	35,107,657	-	-	-
Other revenue	12,019,781	12,819,162	5,030,396	2,368,000	3,492,427	3,434,721
Total revenue	12,112,806	110,111,113	60,603,250	2,933,113	3,926,540	3,434,721
Expenses						
Office expenses	461,553	510,107	301,659	95,000	-	-
Professional fees	380,300	1,054,982	691,213	1,050,000	1,227,026	768,601
Program costs	300,000	2,145,124	1,268,233	580,000	364,961	417,979
Repairs and maintenance	219,000	3,149,880	2,997,462	5,000	6,169	9,269
Salaries, wages and benefits	6,555,258	12,120,331	11,322,801	251,000	205,520	186,097
Travel	1,158,498	2,617,716	1,802,444	75,000	176,753	87,162
Vehicle	-	-	-	-	37,545	7,761
Other expenses	10,837,694	23,212,068	14,474,138	123,774	1,427,286	271,506
Total expenses	19,693,303	44,810,208	32,857,950	2,179,774	3,445,260	1,748,375
Annual surplus (deficit)	\$ (7,580,497)	\$ 65,300,905	\$ 27,745,299	\$ 753,339	\$ 481,280	\$ 1,686,346

# O'Chiese First Nation

## Notes to Consolidated Financial Statements

March 31, 2023

### 21. Segmented information, continued

	2023 Budget	Health 2023 Actual	2022 Actual	2023 Budget	School 2023 Actual	2022 Actual
Revenues						
Indigenous Services Canada	\$ 4,563,674	\$ 5,313,681	\$ 3,990,466	\$ 4,313,038	\$ 6,009,989	\$ 3,905,969
Other revenue	3,386,781	249,302	182,835	2,902,553	289,411	189,732
Total revenue	7,950,455	5,562,983	4,173,301	7,215,591	6,299,400	4,095,701
Expenses						
Office expenses	186,177	167,579	111,374	6,200	6,183	2,985
Professional fees	10,000	9,500	8,800	12,250	20,792	11,500
Program costs	9,000	8,313	-	-	-	-
Repairs and maintenance	1,114,874	352,722	116,846	16,200	15,826	19,211
Salaries, wages and benefits	2,940,569	2,340,429	2,369,060	2,941,186	2,762,617	3,082,142
Travel	592,697	397,311	241,769	26,000	22,828	17,780
Vehicle	286,150	146,426	113,642	253,380	217,900	24,009
Other expenses	2,936,051	1,524,490	939,532	4,105,811	2,563,384	1,093,515
Total expenses	8,075,518	4,946,770	3,901,023	7,361,027	5,609,530	4,251,142
Annual surplus (deficit)	\$ (125,063)	\$ 616,213	\$ 272,278	\$ (145,436)	\$ 689,870	\$ (155,441)

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## O'Chiese First Nation

### Notes to Consolidated Financial Statements

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March 31, 2023

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#### 21. Segmented information, continued

	2023 Budget	Consolidated totals 2023 Actual	2022 Actual
Revenues			
Indigenous Services Canada	\$ 9,534,850	\$ 24,733,573	\$ 16,546,075
Interest income - Ottawa Trust	-	1,380,759	477,920
Equity income on business interest	-	14,665,667	5,044,519
First Nations Development Fund	-	630,384	332,396
Royalty income - Ottawa Trust	-	63,979,792	35,107,657
Other revenue	20,677,114	16,850,302	14,755,400
Total revenue	30,211,964	125,900,041	72,258,967
Expenses			
Office expenses	748,930	683,869	416,018
Professional fees	1,452,550	2,312,300	1,480,114
Program costs	889,000	2,518,398	1,686,212
Repairs and maintenance	1,355,074	3,524,597	3,142,788
Salaries, wages and benefits	12,688,013	17,428,897	16,960,100
Travel	1,852,195	3,214,608	2,149,155
Vehicle	539,530	401,871	145,412
Other expenses	18,003,330	28,727,227	16,778,695
Total expenses	37,309,622	58,811,767	42,725,489
Annual surplus (deficit)	\$ (7,097,658)	\$ 67,088,274	\$ 29,533,479

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