

**Blood Tribe Consolidated
Consolidated Financial Statements**
For the year ended March 31, 2014

Management's Responsibility

To the Chief and Council and Members of the Blood Tribe:

The accompanying consolidated financial statements of the Blood Tribe are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Blood Tribe Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Blood Tribe's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council on behalf of the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 8, 2014



Senior Executive
Officer



Senior Finance
Officer

To the Chief and Council and Members of the Blood Tribe:

We have audited the accompanying consolidated financial statements of Blood Tribe, which comprise the consolidated statements of financial position as at March 31, 2014 and the consolidated statements of operations by function, operations by object, changes in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blood Tribe as at March 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

July 8, 2014

MNP
LLP
Chartered Accountants

Blood Tribe Consolidated Contents

For the year ended March 31, 2014

	Page
Management's Responsibility	
Independent Auditors' Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations by Function.....	3
Consolidated Statement of Operations by Object.....	4
Consolidated Statement of Change in Net Financial Assets.....	5
Consolidated Statement of Cash Flows.....	6
Notes to the Consolidated Financial Statements.....	7
Schedules	
Schedule 1 - Consolidated Schedule of Accumulated Operating Surplus (Deficit) by Function.....	22
Schedule 2 - Consolidated Schedule of Receipt and Expenditure of Trust Monies for Band Capital Funds.....	24
Schedule 3 - Consolidated Schedule of Receipt and Expenditure of Trust Monies for Band Revenue Funds.....	25

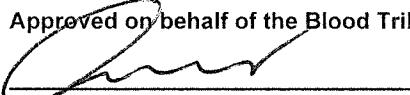
Blood Tribe Consolidated
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Current		
Cash resources	13,087,411	11,167,630
Temporary investments (Note 3)	5,631,566	2,410,265
Accounts receivable (Note 4)	9,040,593	6,574,077
	27,759,570	20,151,972
Investment in business enterprises (Note 5)	16,683,962	14,417,987
Restricted cash (Note 6)	3,296,851	5,311,387
Trust assets (Note 7)	80,342,087	78,337,159
Other long-term investments (Note 8)	228,251	228,251
Total financial assets	128,310,721	118,446,756

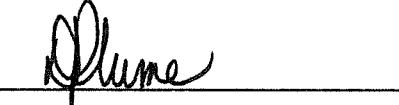
Blood Tribe Consolidated
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
Liabilities		
Current		
Accounts payable and accruals (Note 10)	7,463,202	7,355,681
Deferred revenue (Note 11)	5,533,648	5,058,721
Customer deposits	-	293,363
Current portion of long-term debt (Note 12)	3,677,955	2,334,205
Current portion of capital lease obligations (Note 13)	28,497	28,500
	16,703,302	15,070,470
Long-term debt (Note 12)	18,963,031	17,746,987
Capital lease obligations (Note 13)	2,125	30,619
Replacement reserves (Note 14)	3,346,351	3,022,891
Total financial liabilities	39,014,809	35,870,967
Net financial assets	89,295,912	82,575,789
Contingencies and guarantees (Note 15)		
Non-financial assets		
Tangible capital assets (Note 16)	94,194,462	89,538,013
Inventories of supplies	913,955	1,367,698
Prepaid expenses	621,754	525,412
Construction in progress (Note 17)	4,174,476	2,360,144
Total non-financial assets	99,904,647	93,791,267
Accumulated surplus (Note 18)	189,200,559	176,367,056

Approved on behalf of the Blood Tribe



Chief



SEO

Blood Tribe
Consolidated Statement of Operations by Function
For the year ended March 31, 2014

	AANDC Revenue	Band Capital	Band Revenue	Other Revenue	Total Revenue	Expenses	Annual Surplus (Deficit)	Transfers of Equity	Accumulated Surplus (Deficit)	Accumulated Surplus (Deficit)
							March 31, 2014	March 31, 2013		March 31, 2014
Public Services										
Blood Tribe Employment and Skills Training	469,443	-	1,258,691	2,900,529	4,628,663	4,829,163	(206,500)	-	1,777,031	1,571,531
Family and Community Support Services	1,490,761	-	-	1,052,438	2,543,219	2,693,635	(150,416)	-	583,342	432,926
Housing Authority	1,956,800	1,191,100	56,720	3,337,839	6,542,659	6,419,624	122,835	(43,725)	2,578,602	2,637,712
Housing Society	384,300	376,100	-	4,334,945	5,095,345	6,874,043	(1,778,698)	43,725	8,701,943	6,966,970
Public Works	8,186,823	231,744	230,000	129,873	8,778,440	7,776,416	1,002,024	-	20,771,296	21,773,320
Recreation	1,779,121	-	37,744	2,553,421	4,400,286	2,430,047	1,970,239	-	7,513,685	9,483,924
Social Development	13,846,972	-	1,095,256	460,110	15,422,338	13,739,759	1,682,579	(236,771)	-	1,445,808
	28,114,220	1,798,944	2,678,411	14,819,175	47,410,750	44,762,687	2,648,063	-	41,684,128	44,332,191
Governance and Administration										
Administration (1)	8,519,688	3,590,000	506,584	2,258,234	14,874,486	13,549,008	1,325,478	-	14,162,217	15,487,695
Revenue Fund	-	-	-	8,812,223	8,910,223	5,821,910	2,980,313	500,000	79,915,832	83,406,145
Real Estate	209,527	226,897	-	1,399,864	1,746,288	1,919,810	(173,522)	-	1,840,035	1,666,533
	8,729,195	3,816,897	506,584	12,330,321	25,432,997	21,290,728	4,142,269	500,000	95,918,104	100,560,373
Economic Programs										
Economic Development	748,571	-	-	56,128	804,699	805,356	(657)	-	1,517,926	1,517,269
Farming Initiative	-	-	-	2,125,480	2,125,480	366,659	1,765,821	(1,631,173)	829,897	987,545
628125 Alberta Ltd. (operating as KMH-P)	-	-	-	187,526	187,526	113,514	74,012	-	318,565	392,577
Kainaiwa Developments Ltd	105,129	-	-	116,004	221,133	234,011	(12,878)	-	1,925,252	1,912,374
Blood Tribe First Nation Development Fund	-	-	-	2,242,918	2,242,918	2,229,047	13,871	-	45,903	59,774
Kainaiwa Resources Inc.	50,000	-	660,416	284,363	994,779	1,067,951	(73,172)	132,306	442,186	501,303
Lands	-	-	-	2,068,002	2,331,075	1,519,996	811,079	-	(440,011)	371,068
	1,168,773	-	660,416	7,080,421	8,907,610	6,336,534	2,571,076	(1,498,987)	4,639,701	5,711,910
Entities										
Kainaiwa Children's Services Combined	8,905,001	-	88,840	3,968,650	12,902,491	12,376,749	525,742	-	2,833,427	3,359,169
Blood Tribe Department of Health Inc	475,000	-	-	13,603,261	14,978,261	12,955,241	1,093,120	(500,000)	11,249,324	11,842,344
Red Crow Community College	7,945,984	-	300,000	2,644,628	10,890,612	11,364,562	(473,950)	-	452,255	(21,696)
Kainaiwa Education Society	28,096,589	-	-	2,883,483	30,980,072	29,583,787	1,396,285	-	10,293,067	11,689,352
Police	30,000	-	-	5,757,446	5,787,446	5,853,612	(66,166)	-	812,524	746,358
	45,452,514	-	388,840	28,707,488	74,638,882	72,163,951	2,474,931	(500,000)	25,640,597	27,615,528
Less inter-entity charges (2)	83,462,762	5,615,841	4,234,251	63,077,385	156,390,239	144,553,900	11,836,339	(1,498,867)	167,882,530	178,220,002
Loss on investment in business enterprises (3)	-	-	-	-	(9,187,071)	(9,187,071)	-	-	-	-
Investment in business enterprises	-	-	-	-	-	(1,267,111)	1,267,111	-	-	-
Transfer to (from) Blood Tribe entities	-	-	-	-	-	(500,000)	(230,053)	(269,947)	1,498,867	8,484,526
	83,462,762	5,615,841	4,234,251	63,077,385	146,703,168	133,859,665	12,833,503	-	176,367,056	189,200,559

(1) Administration includes Chief and Council, Management, Public Services, Finance, Community Development, Personnel, HR, Tribal Government, Elections, Membership, Public Relations, Akers and Avers, 2

(2) Upon consolidation inter-entity transactions must be eliminated. These are the result of elimination of inter-entity revenue and expenditures

(3) See Note 5

Footnotes relating to these consolidated financial statements

In complying with Public Sector Accounting Standards this schedule includes in accumulated surplus operating and capital portions of accumulated surplus - refer to schedule 1 for operating surpluses by department and entity

Blood Tribe Consolidated
Consolidated Statement of Operations by Object
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	75,796,114	83,462,762	81,590,771
First Nations and Inuit Health	11,876,114	12,429,980	11,979,574
Akers claim	108,673	78,425	68,025
Alberta Gaming and Liquor Commission	-	2,132,530	2,152,245
Band capital funds	6,117,834	5,615,841	17,933,407
Band revenue funds	2,631,404	4,234,251	4,310,220
Big lease funds	110,000	1,842,153	717,561
Canada Mortgage and Housing Corporation subsidy	1,568,225	1,509,719	1,571,027
Community Futures Treaty 7	4,119,648	2,404,438	2,404,435
Deferred revenue	614,091	253,179	102,003
Farming income	-	1,190,888	327,180
Federal and Provincial funding and grants	6,740,000	8,410,316	8,015,825
Funds held in trust	-	1,873,969	4,253,032
Housing and real estate rents	2,196,721	4,753,048	4,802,965
Interest	7,000	114,374	112,266
Lands	1,276,097	1,340,213	830,767
Other	14,184,406	15,057,082	11,182,203
	127,346,327	146,703,168	152,353,506
Expenses			
Amortization	-	7,753,763	7,132,139
Bad debts - other	-	(128,360)	292,038
Distributions to members	3,500,000	3,278,950	4,368,100
Education transportation	5,048,542	5,048,542	4,964,444
Education tuition and living allowances	12,708,000	12,547,421	13,344,475
Farming expenses	-	194,789	204,865
Flood expenses	-	-	386,126
Interest on long-term debt	201,899	621,399	824,454
Loss (earnings) on investment in business enterprises (Note 5)	-	(1,267,111)	790,386
Other programs	10,211,791	8,951,455	9,842,512
Professional fees (Note 19)	1,270,718	2,072,795	1,854,242
Replacement reserve expenditures	-	369,608	390,370
Salaries and benefits	45,293,615	44,774,059	42,395,358
Social assistance	11,904,721	11,438,701	12,116,084
Supplies, rent, utilities and other	32,392,581	32,549,668	26,149,906
Travel	2,491,554	3,212,133	2,794,629
Uncollected rents - housing	-	2,451,853	2,297,073
	125,023,421	133,869,665	130,147,201
Annual surplus	2,322,906	12,833,503	22,206,305
Accumulated surplus, beginning of year	176,367,056	176,367,056	154,160,751
Accumulated surplus, end of year	178,689,962	189,200,559	176,367,056

The accompanying notes are an integral part of these financial statements

Blood Tribe Consolidated
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Annual surplus	2,342,985	12,833,503	22,206,305
Amortization of tangible capital assets	3,891,086	7,753,763	7,132,139
Loss on disposal of tangible capital assets	-	685,663	126,052
Purchases of tangible capital assets	-	(13,206,857)	(18,273,400)
Proceeds of disposal of tangible capital assets	-	110,982	621,478
Change in construction in progress	-	(1,814,332)	3,190,168
Change in inventories of supplies	-	453,743	(611,188)
Change in prepaid expenses	-	(96,342)	(44,862)
Increase (decrease) in net financial assets	6,234,071	6,720,123	14,346,692
Net financial assets, beginning of year	82,575,789	82,575,789	68,229,097
Net financial assets, end of year	88,809,860	89,295,912	82,575,789

Blood Tribe Consolidated
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	12,833,503	22,206,305
Non-cash items		
Amortization	7,753,763	7,132,139
Gain on disposal of tangible capital assets	685,663	126,052
Loss on investment in business enterprises	-	790,386
	21,272,929	30,254,882
Changes in working capital accounts		
Accounts receivable	(2,466,516)	604,751
Accounts payable and accruals	107,521	958,050
Deferred revenue	474,927	159,844
Customer deposits	(293,363)	293,363
Replacement reserve	323,460	(22,240)
Inventory	453,743	(611,188)
Prepaid expenses	(96,342)	(44,862)
	19,776,359	31,592,600
Financing activities		
Advances of long-term debt	7,844,479	1,063,472
Repayment of long-term debt	(5,284,685)	(3,474,503)
Repayment of capital lease obligations	(28,497)	(249,995)
	2,531,297	(2,661,026)
Capital activities		
Purchases of tangible capital assets	(13,206,857)	(18,273,400)
Proceeds of disposal of tangible capital assets	110,982	621,478
	(13,095,875)	(17,651,922)
Investing activities		
Decrease (increase) in temporary investments	(3,221,301)	(739,674)
Decrease (increase) in restricted cash	2,014,536	(1,474,244)
Decrease (increase) in construction in progress	(1,814,332)	3,190,168
Transfers (from) to business enterprises	(2,265,975)	(639,729)
Decrease (increase) in trust assets	(2,004,928)	(4,018,798)
Decrease (increase) in other long-term investments	-	21,749
	(7,292,000)	(3,660,528)
Increase in cash resources	1,919,781	7,619,124
Cash resources, beginning of year	11,167,630	3,548,506
Cash resources, end of year	13,087,411	11,167,630

The accompanying notes are an integral part of these financial statements

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

The Blood Tribe (the "Blood Tribe") is located in the province of Alberta, and provides various services to its members. The Blood Tribe includes the Blood Tribe's members, government and all related entities that are accountable to the Blood Tribe and are either owned or controlled by the Blood Tribe.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Blood Tribe reporting entity includes all controlled departments or entities that are accountable to the Blood Tribe, except for Blood Tribe business enterprises.

The consolidated financial statements include the assets, liabilities, revenues and expenses of the following entities:

Blood Tribe Administration	Kainaiwa Developments Ltd.
Blood Tribe Child Protection Services Corporation	Kainaiwa Resources Inc.
Blood Tribe Department of Health Inc.	Blood Tribe Lands
Blood Tribe Employment & Skills Training	Blood Tribe Police
Blood Tribe Economic Development	Blood Tribe Public Works
Blood Tribe Family and Community Support Services	Blood Tribe Real Estate
Blood Tribe Housing Authority	Blood Tribe Recreation
Blood Tribe Housing Society	Red Crow Community College
Kainai Manufactured Home Park	Blood Tribe Revenue Fund
Kainai Board of Education (Education Society)	Blood Tribe Social Development
Kainaiwa Children's Services Corporation	Blood Tribe Farming Initiative
Blood Tribe First Nation Development Fund	

All inter-entity balances have been eliminated on consolidation.

Blood Tribe business enterprises that are owned or controlled by the Blood Tribe Council and that are not dependent on the Blood Tribe for their continuing operations are included in the consolidated financial statements using the modified equity method. The Blood Tribe's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and contributions and decreased by post acquisition losses and distributions received. Enterprises accounted for by the modified equity bases include:

Blood Tribe Agricultural Project (includes Blood Tribe Irrigation Management, 709204 AB Ltd. (Blood Tribe Forage Processing Plant), AOHKII Investment Property Management and Sawkee Feedlot Inc.)
Kainai Agri-Business Corporation
St. Mary's Construction Company #7 Ltd.
Blood Tribe Oil and Gas Partnership
1432126 Alberta Ltd.
Kainai Housing Corporation
971445 Alberta Ltd.
1110340 Alberta Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Construction in progress is recorded at the construction costs of the related housing project.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on the straight line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expenses as incurred.

Amortization

Tangible capital assets are amortized annually using the following rates and methods intended to amortize the costs of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	20 years
Automotive and equipment	straight-line	3-10 years
Housing units	reverse sum of year digits	25 years
Infrastructure	straight-line	25 years

Other long-term investments

Other long-term investments are recorded at cost, less any provisions for other than temporary impairment. They have been classified as long-term assets in concurrence with the nature of the investment.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Blood Tribe performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

Investment in business enterprises

The Blood Tribe follows the modified equity method to account for its investment in business enterprises. The investment is stated at cost plus (less) the Blood Tribe's share of earnings since acquisition plus capital and operating transfers to (from) the business enterprises. The statement of operations for business enterprises includes the business enterprises' annual surplus (deficit) for the year ended March 31, 2014. The business enterprises' accounting principles have not been adjusted to conform to those of the Blood Tribe.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Deferred revenue

Funding received under funding arrangements relating to projects that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt. These amounts are recognized in revenue in the year the project costs are incurred.

Net financial assets (net debt)

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

Revenue recognition

- i. Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH")
AANDC and FNIH revenue is recognized as it becomes receivable under the terms of the applicable funds transfer agreements.
- ii. Band Capital and Revenue Funds
The Blood Tribe recognizes revenues of the Capital and Revenue Fund as income is received and reported by the federal government.
- iii. Canada Mortgage and Housing Corporation ("CMHC")
CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements, and is decreased for amounts anticipated to be repaid at year end.
- iv. Housing rental income
Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- v. Residential Rehabilitation Assistance Program ("RRAP")
RRAP provides five year, non interest bearing, and forgivable loans for low income homeowners whose homes require major renovations. Revenue is reported upon substantial completion of the project. Any fund, which must be repaid because the homeowner did not comply with the terms of the assistance program, is recognized as an expense in the year funds are repaid.
- vi. Community Futures Treaty 7 ("Treaty 7")
Treaty 7 provides funding for specific purposes. These funds are reported as revenues in the year the specific expenses are incurred. Funds which have not been expended by the fiscal year end are recorded as deferred revenue and appear as a liability on the consolidated statement of financial position.
- vii. Alberta Gaming and Liquor Commission
Alberta Gaming and Liquor Commission provide funding for specific projects. These funds are reported as revenues in the year the specific expenses are incurred. Funds which have not been expended by the fiscal year end are recorded as deferred revenue and appear as a liability on the consolidated statement of financial position.
- viii. Other revenues
All other revenues received that are not subject to funding agreements are recorded in the year in which they are earned.

Provision for site rehabilitation

The Alberta Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill site. The Blood Tribe is reviewing environmental objectives and liabilities for its activities and potential site reclamation and restoration obligations. The Blood Tribe has yet to determine the amounts of such obligations.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the Blood Tribe are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Payable to CMHC is based on anticipated repayment requirements; however, actual repayment will be determined upon CMHC's review of the organization's financial statements.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Trust assets and trust liabilities

Trust assets held on behalf of Blood Tribe members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the land or other Blood Tribe capital assets, and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust

Non-financial assets

The Blood Tribe's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Blood Tribe unless they are sold.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2015. Earlier adoption is permitted. The PSAB plans to review application of this Section by governments by December 31, 2013.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

3. Temporary investments

Term deposits consist of fourteen guaranteed investment certificates bearing interest at rates ranging from 0.15% to 1.19% (2013 - 0.80% to 1.35%) with varying maturity dates from 2014 to 2015.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Accounts receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada	281,051	1,193,605
Alberta Gaming & Liquor Commission	587,422	530,422
Aquashell (full balance included in allowance for doubtful accounts)	2,050,000	2,050,000
Employees	131,702	137,521
Housing rents (full balance included in allowance for doubtful accounts)	1,279,108	1,132,053
Kainai Board of Education - other Federal & provincial grants	270,077	811,940
Due to (from) non-consolidated entities	979,474	(664,814)
Other	2,801,522	2,682,016
Ottawa Trust	4,165,092	1,988,502
Water and garbage fees (full balance included in allowance for doubtful accounts)	1,422,194	1,380,714
	13,967,642	11,241,959
Allowance for doubtful accounts	(4,927,049)	(4,667,882)
	9,040,593	6,574,077

5. Investment in business enterprises

The Blood Tribe has investments in the following entities:

	2013	2014	2014	2014
	Accumulated Surplus (Deficit)		Annual Surplus (Deficit)	Transfers
Wholly-owned Businesses:				
Blood Tribe Agricultural Project	376,046	630,154	1,655,552	2,661,752
Kainai Agri-Business Corporation	2,306,427	(70,384)	(24,382)	2,211,661
St. Mary's Construction Company #7 Ltd.	1	-	-	1
Blood Oil and Gas Partnership	1,000,000	-	-	1,000,000
1432126 Alberta Ltd.	5,934,260	-	-	5,934,260
Kainai Housing Corporation	(77,539)	-	-	(77,539)
971445 Alberta Ltd.	2,223,279	142,341	(132,306)	2,223,314
1110340 Alberta Ltd.	2,655,513	565,000	(500,000)	2,720,513
	14,417,987	1,267,111	998,864	16,683,962

	2012	2013	2013	Accumulated Surplus (Deficit)
	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)		
Wholly-owned Businesses:				
Blood Tribe Agricultural Project	763,358	(1,333,540)	946,228	376,046
Kainai Agri-Business Corporation	2,307,067	11,235	(11,875)	2,306,427
St. Mary's Construction Company #7 Ltd.	1	-	-	1
Blood Oil and Gas Partnership	1,000,000	-	-	1,000,000
1432126 Alberta Ltd.	5,925,393	-	8,867	5,934,260
Kainai Housing Corporation	(70,410)	(7,129)	-	(77,539)
971445 Alberta Ltd.	2,091,722	35,048	96,509	2,223,279
1110340 Alberta Ltd.	2,551,513	504,000	(400,000)	2,655,513
	14,568,644	(790,386)	639,729	14,417,987

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Investment in business enterprises *(Continued from previous page)*

Condensed financial information for each entity for their respective period ending March 31, 2014 is as follows:

	Assets	Liabilities	Members' Equity (Deficit)	Revenues	Expenses	Annual Surplus (Deficit)
Blood Tribe Agricultural Project	9,408,331	6,531,396	2,876,935	13,511,373	12,881,219	630,154
Kainai Agri-Business Corporation	2,216,614	4,953	2,211,660	352,458	422,842	(70,384)
St. Mary's Construction Company #7 Ltd.	1	-	1	-	-	-
Blood Oil and Gas Partnership	1,000,000	-	1,000,000	-	-	-
1432126 Alberta Ltd.	5,934,260	-	5,934,260	-	-	-
Kainai Housing Corporation	101,302	178,842	(77,540)	-	-	-
971445 Alberta Ltd.	2,301,361	68,047	2,233,314	583,359	441,018	142,341
1110340 Alberta Ltd.	2,722,013	1,500	2,720,513	565,000	-	565,000
	23,683,882	6,715,190	16,968,692	15,012,190	13,745,079	1,267,111

Condensed financial information for each entity for their respective period ending March 31, 2013 is as follows:

	Assets	Liabilities	Members' Equity (Deficit)	Revenues	Expenses	Annual Surplus (Deficit)
Blood Tribe Agricultural Project	7,268,002	6,891,956	376,046	7,989,513	9,323,053	(1,333,540)
Kainai Agri-Business Corporation	2,377,828	71,401	2,306,427	460,544	449,309	11,235
St. Mary's Construction Company #7 Ltd.	1	-	1	-	-	-
Blood Oil and Gas Partnership	1,000,000	-	1,000,000	-	-	-
1432126 Alberta Ltd. (Kainai Housing Corporation)	5,934,260	-	5,934,260	-	-	-
971445 Alberta Ltd.	295,495	373,034	(77,539)	-	7,129	(7,129)
971445 Alberta Ltd.	2,292,749	69,470	2,223,279	573,485	538,437	35,048
1110340 Alberta Ltd.	2,257,013	1,501	2,655,513	504,000	-	504,000
	21,825,348	7,407,362	14,417,987	9,527,542	10,317,928	(790,386)

Kainai Agri-Business Corporation is operating under the assumption that they will continue to occupy and obtain the use of Blood Tribe lands at zero cost.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Restricted cash

	2014	2013
Blood Tribe Lands	466,896	323,628
First Nation Development Fund	2,792,683	2,935,385
Blood Tribe Department of Health Inc.	27,154	502,182
Blood Tribe Recreation	10,118	1,485,192
Blood Tribe Education	-	65,000
	3,296,851	5,311,387

Blood Tribe Lands is involved in an agency agreement with the Blood Tribe land occupants whereby the Organization collects and disburses the rental income from renters and receives a 5% administration fee. This cash represents the amounts which have not been disbursed under the terms of the rental agreement. As at March 31, 2014, the Blood Tribe Lands restricted cash account is under funded by \$86,603 (2013 - \$209,528) as compared to the amount owed to trusts and estates.

First Nation Development Fund and Blood Tribe Administration restricted cash represents funds which must be used for specific approved projects. Any underspending of funds must receive an approved redirection by band council resolution and approval from Alberta Gaming and Liquor Commission.

Blood Tribe Department of Health Inc. restricted cash must be used for future specific approved purchases under the MCARR (Note 14) and AYCES agreements. The amount is comprised of \$27,154 (2013 - \$2,182) for AYCES. During the year, the MCARR GIC in the amount of \$500,000 was transferred back to Blood Tribe Revenue Fund.

Blood Tribe Recreation's restricted cash relates to Band Capital trust monies that are transferred to the Department on authorization by Chief and Council through band council resolution to take Band Capital out of the Ottawa Trust account, and are then kept in trust with the Blood Tribe's legal counsel for the purpose of the construction of the multi-purpose centre. Legal counsel distributes the funds to the general contractor upon approval of the construction progress for the construction of the multi-purpose centre.

The amount held in restricted cash for Education relates to a restricted principal amount of \$nil (2013 - \$65,000), any interest earned from the principal is to be used for scholarships for Blood Tribe students.

7. Trust assets

	2014	2013
Ottawa Trust accounts	79,341,003	77,467,034
Akers Claim	572,415	573,610
Akers Claim 2	428,669	296,515
	80,342,087	78,337,159

The Ottawa trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. Sections 63 to 69 of the Indian Act primarily govern the management of these funds.

Akers Claim and Akers Claim 2 are invested for the future benefit of the Blood Tribe in a trust created by the Blood Tribe. Trustees appointed by the Council of the Blood Tribe on terms and conditions set out in the specified Trust Agreement shall administer the trust. The Akers Claim and Akers Claim 2 consists of cash in the amount of \$213,309 (2013 - \$79,711) bearing interest at 0.10%, management fees payable in the amount of \$208 (2013 - \$179) and four guaranteed investment certificates totaling \$787,983 (2013 - \$790,593), bearing interest ranging from 2.65% - 3.30% and having maturity dates ranging from August 2014 to August 2018.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

8. Other long-term investments

Other long-term investments consists of 12,538.46 of Class B shares and 5,019 of Class D shares in Lethbridge Inland Terminal for \$228,251 (2013 - \$228,251) purchased by the Blood Tribe Farming Initiative. Subsequent to year end, both Class B and Class D shares were fully redeemed by Lethbridge Inland Terminal for \$7.76 per share.

9. Bank indebtedness

BANK OF NOVA SCOTIA

The Blood Tribe has a consolidated blanket overdraft facility of \$3,000,000 for Blood Tribe departments and entities, which incurs interest at prime plus 1.25%. Security pledged consists of Band Council Resolutions authorizing individual departments and entity borrowings up to a total of \$3,000,000, duly acknowledgement by the Department of Aboriginal Affairs and Northern Development Canada. As at March 31, 2014, the prime rate used by Bank of Nova Scotia was 3.00% (2013 - 3.00%).

10. Accounts payable and accruals

	2014	2013
Accounts payable and accrued liabilities	6,907,792	6,821,521
Payable to trusts and estates	553,499	534,160
Payable to land occupants	1,911	-
	<hr/>	<hr/>
	7,463,202	7,355,681

11. Deferred revenue

	2014	2013
Real Estate	549,154	713,983
Blood Tribe First Nation Development Fund	3,312,634	3,407,830
Police	967,215	152,245
Administration	135,000	90,000
Economic Development	249,178	249,178
Kainaiwa Children's Services Corporation	-	100,000
Kainai Board of Education	193,315	181,430
Red Crow Community College	75,902	114,055
Farming Initiative	50,000	50,000
Family & Community Support Services	1,250	-
	<hr/>	<hr/>
	5,533,648	5,058,721

Included in the Blood Tribe Real Estate March 31, 2014 deferred revenue amount is \$549,154 (2013 - \$713,983) relating to Band Capital revenue that was received prior to March 31, 2014 relating to building repairs and maintenance, but has not been spent.

Blood Tribe First Nations Development Fund deferred revenue relates to Alberta Gaming and Liquor Commission funds that have been received for a number of programs that have not yet been undertaken or for programs that have not been fully expended as of March 31, 2014.

Police, Administration, Economic Development, Kainai Board of Education, Red Crow Community College, Farming Initiative and Family & Community Support Services deferred revenues relate to Federal and Provincial funds that have been received for capital expenditures and programs that have not yet been undertaken or for capital expenditures and programs that have not been fully expended as of March 31, 2014.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Long-term debt

	2014	2013
Administration	55,050	38,107
Blood Tribe Employment and Skills Training	-	149,174
Blood Tribe Revenue Fund	1,890,006	-
Department of Health Inc.	-	9,931
Family and Community Support Services	50,623	11,888
Housing Authority	2,769,558	420,613
Housing Society	16,920,143	18,560,877
Kainaiwa Children's Services Corporation	199,570	330,394
Kainaiwa Resources Inc.	-	5,590
Lands	13,931	28,327
Public Works	492,680	199,609
Recreation	-	7,411
Red Crow Community College	249,425	319,271
	22,640,986	20,081,192
Less: less: current portion	3,677,955	2,334,205
	18,963,031	17,746,987

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2015	3,677,955
2016	1,568,244
2017	1,279,914
2018	1,120,247
2019	998,435

Blood Tribe Housing Society mortgages bear interest ranging from 1.61% to 5.25% (2013 - 1.53% to 5.85%).

Blood Tribe Public Works loans bear interest at 4.75% (2013 - 4.50% to 6.85%).

Blood Tribe Revenue Fund loans bear interest at 4.75%.

Other mortgages, loans and finance contracts bear interest ranging from 0.00 to 9.60% (2013 - 0.00% to 9.60%).

Security pledged on all mortgages, loans and finance contracts consists of Government of Canada ministerial guarantees, a guarantee by the Ottawa Trust accounts and specific equipment.

13. Capital lease obligations

	2014	2013
Department of Health Inc.		
Lease payable in monthly instalments of \$2,375, non interest bearing, secured by related equipment with net book value of \$58,944 (2013 - \$68,393), due 2015.	30,622	59,119
<u>Less: current portion</u>	<u>28,497</u>	<u>28,500</u>
	<u>2,125</u>	<u>30,619</u>

Minimum lease payments related to the obligation under capital lease are as follows:

2015	28,497
2016	2,125
<hr/>	
30,622	

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

14. Replacement reserves

	2014	2013
Blood Tribe Department of Health Inc.:		
Moveable Capital Asset Replacement Reserve		
Replacement reserve, beginning of year	207,025	241,600
Allocation from operations	35,700	35,700
Replacement of MCARR assets	(46,148)	(70,275)
Replacement reserve, end of year	196,577	207,025
Blood Tribe Housing Society:		
CMHC Replacement Reserve		
Replacement reserve, beginning of year	2,815,866	2,803,531
Allocation from operations	333,908	342,335
Transfer from reserve for matured projects	-	(330,000)
Replacement reserve, end of year	3,149,774	2,815,866
Total replacement reserves	3,346,351	3,022,891

Blood Tribe Department of Health Inc.:

Under the terms of the MCARR agreement with First Nation and Inuit Health (FNIH) the replacement reserve account is to be credited in amounts negotiated at the time of the annual budget approval by FNIH. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by FNIH or such accounts as may be approved by FNIH from time to time. Withdrawals are charged to interest first and then principal. As at March 31, 2014 the replacement reserve was funded by cash of \$196,577, which has been included in current cash resources in 2014 (2013 - funded by a \$500,000 guaranteed investment certificate).

Blood Tribe Housing Society:

Under the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC) the replacement reserve account is to be credited in amounts negotiated at the time of the annual budget approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts as may be approved by CMHC from time to time. Withdrawals are charged to interest first and then principal.

As at March 31, 2014, the replacement reserve fund is not maintained in a separate bank account, and is under funded by the entire amount of the replacement reserve, which are breaches of the CMHC covenant. The effect of this breach of the CMHC covenant is not determinable at this time.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

15. Contingencies and guarantees

The Blood Tribe has been named as defendant under various claims for general matters. Management has assessed the success of these claims as unlikely and/or has ensured adequate insurance is in place. Accordingly, no provision has been made in these consolidated financial statements.

The Blood Tribe has guaranteed the term loan of Blood Tribe Irrigation Management, up to a maximum amount of \$3,400,000 which is reduced as the term debt is paid down. This loan is also secured by a general security agreement. Payment under this guarantee is required if the Blood Tribe Irrigation Management defaults on the loan. As at March 31, 2014 and 2013, no liability has been recorded associated with this guarantee. The outstanding balance as at March 31, 2014 is \$1,340,000 (2013 - \$1,580,000).

The Blood Tribe has guaranteed the term loan of Blood Tribe Processing Plant (709204 Alberta Ltd.) up to a maximum amount of \$1,500,000 which is reduced as the term debt is paid down. This loan is also secured by related equipment with a net book value of \$1,331,768 as well as a general security agreement with Band and Council. Payment under this guarantee is required if the Blood Tribe Processing Plant (709204 Alberta Ltd.) defaults on the loan. As at March 31, 2014, no liability has been recorded associated with this guarantee. The outstanding balance as at March 31, 2014 is \$1,150,000 (2013 - \$1,312,500).

The Blood Band Housing Authority has an obligation to repay any Residential Rehabilitation Assistance Program funding received where a qualifying homeowner did not comply with the terms of the assistance program. The amount and likelihood of a potential obligation is not determinable at the financial statement date.

The Housing Authority is contingently liable for contractor's obligations relating to performance and completion of construction contracts. Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operation of the Organization.

The Housing Authority is required by CMHC to meet certain requirements for replacement reserves and operating surplus reserves, which they are currently not in compliance with. The impact of these breaches is not determinable at this time and the liabilities resulting, if any, will be accounted for as an expense in the period the Organization becomes aware of them.

The Housing Society is required to charge rent on a per unit basis using a rent income scale as provided by Canada Mortgage and Housing Corporation. For the year ended March 31, 2014 and 2013, there was insufficient documentation on older rental units to determine if the Housing Society was complying with the rent income scale, which is a breach of the CMHC covenant. The effect of which is not determinable at this time.

Red Crow Community College has issued a letter of credit to the Bank of Nova Scotia for coverage of tuition fees in the amount of \$185,500 (2013- \$185,500), secured by a term deposit with a carrying value of \$187,359 (2013 - \$187,359).

Blood Tribe Employment and Skills Training is required by Aboriginal Skills and Employment Training Strategy Funding to maintain program files for each participant to verify whether they are eligible for employment insurance funding. Should the Organization fail to maintain these records, it may be liable for the repayment of funds received under this program. As of the year-end, the Organization believes that it has complied with all the requirements of this program.

The Blood Tribe Department of Health Inc. has been named as defendant under a claim by Aquashell for termination of a development agreement. The amount being claimed is \$3,107,500 plus additional unspecified damages. The Department has a counterclaim against Aquashell for amongst other things, the tort of deceit, negligent misstatement and unjust enrichment for amounts paid to Aquashell amounting to \$325,000. Given the preliminary stage of the proceedings, the risk of liability or potential exposure to damages is indeterminable, and thus no amounts have been reported in these consolidated financial statements with regards to this claim and counter claim.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

16. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2014 Net book value
Buildings	67,238,032	5,135,735	656,849	30,719,469	40,997,449
Automotive and equipment	26,816,251	3,069,421	992,172	21,339,767	7,553,733
Housing units	60,872,413	-	-	28,377,959	32,494,454
Infrastructure	17,827,906	5,001,701	-	9,680,781	13,148,826
	172,754,602	13,206,857	1,649,021	90,117,976	94,194,462

	Cost	Additions	Disposals	Accumulated amortization	2013 Net book value
Buildings	61,096,490	7,205,670	1,064,128	28,029,654	39,208,378
Automotive and equipment	25,767,155	1,514,476	465,380	19,681,441	7,134,810
Housing units	55,090,168	5,782,245	-	26,946,497	33,925,916
Infrastructure	14,056,897	3,771,009	-	8,558,997	9,268,909
	156,010,710	18,273,400	1,529,508	83,216,589	89,538,013

Buildings includes assets under construction for the courthouse with a carrying value of \$765,756 (2013 - \$765,756). No amortization has been recorded in the current year because this building is still under construction in the planning phase as at March 31, 2014. Funding for this project is to be provided by long-term debt proceeds, Band capital funding, Alberta Liquor and Gaming Commissions funds, and other internally generated Blood Tribe Funds. No long-term debt has been acquired at the consolidated financial statement date.

Infrastructure includes assets under construction with a carrying value of \$4,621,823 (2013 - \$2,143,074). No amortization has been recorded in the current year because it is under construction as at March 31, 2014. The project is expected to cost a total of \$5,500,000 and be funded through Band capital funding and other internally generated Blood Tribe funds.

17. Construction in progress

As at March 31, 2014, the Blood Band Housing Authority was in the process of construction on a 19 unit housing project which is scheduled to be completed in 2015. The Department expected total construction costs of this project to be \$3,862,057 however \$4,174,476 has already been expended to date. Partial funding for this project is to be provided by long-term debt proceeds from CMHC totaling \$3,211,000 of which \$2,747,048 has been received to date. The terms and conditions of this financing are not determinable at the consolidated financial statement date.

18. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
Equity in tangible capital assets	75,697,330	71,757,846
Equity in business enterprises	16,683,962	14,417,987
Equity in trust funds	80,342,087	78,337,159
Share capital	15	14
Unrestricted accumulated surplus (deficit) - Schedule 1	16,477,165	11,854,050
	189,200,559	176,367,056

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

19. Professional fees

	2014	2013
Audit	450,877	459,299
Legal	705,687	728,655
Consulting	916,231	666,288
	<hr/>	<hr/>
	2,072,795	1,854,242

20. Pension plan - defined contribution plan

Defined contribution pension plan

The Blood Tribe has a defined contribution pension plan covering substantially all full-time employees. Each participant selects a contribution level of 2.5 - 5.5% of salary. The Organization matches the participant's contribution. This pension expense is included with salaries, wages and benefits for the current and prior year.

21. Government transfers

During the year, the First Nation recognized the following government transfers:

	2014	2013
Aboriginal Affairs and Northern Development Canada	83,462,762	81,590,771
First Nations and Inuit Health	12,429,980	11,979,574
Canada Mortgage and Housing Corporation	1,509,719	1,571,027
Community Futures Treaty 7	2,404,438	2,404,435
Public Safety Canada - Police Services	2,778,774	2,778,773
	<hr/>	<hr/>
	102,585,673	100,324,580

22. Aboriginal Affairs and Northern Development Canada funding reconciliation

	<i>AANDC funding</i>
Aboriginal Affairs and Northern Development Canada funding per financial statements	83,462,762
Aboriginal Affairs and Northern Development Canada funding per confirmation	(83,462,762)
Variance	-

23. Economic dependence

The Blood Tribe receives a major portion of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Blood Tribe to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

24. Subsequent event

On April 1, 2014, the Blood Tribe Department of Health Inc. was placed in 3rd party management by First Nations and Inuit Health (FNIH) as a result of items relating to Governance, not as a result of operation or finance.

On June 8, 2014, a fire occurred at the Blood Tribe Youth Ranch located on the Blood Tribe Reserve destroying the building and all contents. An estimate of the total loss incurred by the Kainaiwa Children Services cannot be estimated at this time. As this event happened after the year end date there is no effect on the financial statements as at March 31, 2014, the disposal due to the fire and financial effects will be reported in the March 31, 2015 fiscal year.

25. Budget information

The disclosed budget information has been approved by the Chief and Council of the Blood Tribe.