

Consolidated Financial Statements of

# **BLOOD TRIBE**

March 31, 2018

## Management's Responsibility for Financial Reporting


Blood Tribe management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the Entity's consolidated financial position as at March 31, 2018 and the results of its consolidated operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

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

The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to Chief and Council and the Members of the Blood Tribe, stating the scope of their examination and opinion on the consolidated financial statements, follows.

  
Senior Executive Officer  
Senior Finance Officer



KPMG LLP  
500 Lethbridge Centre Tower  
400 - 4th Avenue South  
Lethbridge AB T1J 4E1  
Canada  
Tel 403-380-5700  
Fax 403-380-5760

## INDEPENDENT AUDITORS' REPORT

To the Chief and Council and Members of the Blood Tribe

We have audited the accompanying consolidated financial statements of the Blood Tribe which comprise the consolidated statement of financial position as at March 31, 2018, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of 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.



In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Blood Tribe as at March 31, 2018, and the consolidated results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2017, has been restated.

The consolidated financial statements of the Blood Tribe as at and for the year ended March 31, 2017, excluding the restatement described in Note 3 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 30, 2017.

As part of our audit of the consolidated financial statements as at and for the year ended March 31, 2018, we audited the restatement described in Note 3 to the consolidated financial statements that was applied to restate the comparative information presented as at and for the year ended March 31, 2017. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the March 31, 2017 consolidated financial statements, other than with respect to the restatement described in Note 3 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Lethbridge, Canada

June 27, 2018

# BLOOD TRIBE

Consolidated Statement of Financial Position  
March 31, 2018, with comparative information for 2017

	2018	2017 (Restated - note 3)
Financial assets		
Cash and cash equivalents	\$ 2,332,649	\$ 4,938,571
Accounts receivable (note 6)	18,388,196	20,484,837
Temporary investments (note 5)	1,298,105	1,302,106
Inventory for resale	--	1,314,496
Investment in business enterprises (note 7)	17,566,720	12,968,248
Restricted Cash (note 8)	10,355,579	3,700,514
Funds held in trust (note 9)	72,585,516	72,626,381
Total financial assets	122,526,765	117,335,153
Financial liabilities		
Account payable and accrued liabilities (note 11)	10,090,747	10,049,019
Deferred revenue (note 12)	12,733,234	7,405,585
Long-term debt (note 13)	31,439,101	29,144,828
Moveable capital asset replacement reserves (note 14)	--	163,874
Total liabilities	54,263,082	46,763,306
Net financial assets	68,263,683	70,571,847
Non-financial assets		
Tangible capital assets (schedule 1)	132,869,070	127,563,877
Prepaid expenses	3,088,565	2,764,661
Inventory for consumption	102,352	203,849
Total non-financial assets	136,059,987	130,532,387
Contingencies, commitments and guarantees (note 15)		
Accumulated surplus (note 17)	\$ 204,323,670	\$ 201,104,234

See accompanying notes to consolidated financial statements.

On Behalf of the Tribe

Chief

Council Member

# BLOOD TRIBE

Consolidated Statement of Operations and Accumulated Surplus  
Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017 (Restated - note 3)
Revenue:			
Indigenous and Northern Affairs Canada (INAC) (note 20)	\$ 81,652,563	\$ 93,363,390	\$ 92,362,304
Alberta Gaming and Liquor Commission	--	1,916,691	2,049,031
Band Capital fund (schedule 29)	3,338,097	2,739,597	9,482,028
Band Revenue Fund (schedule 30)	2,896,037	1,980,237	4,509,037
Big Lease funds	4,355,317	3,200,700	3,433,781
Canada Mortgage and Housing Corporation Subsidy	5,431,462	2,620,741	1,653,091
Tribal Council Funding	3,465,377	3,756,847	3,978,460
Farming income	--	--	394,893
Federal and Provincial Funding and Grants	11,606,110	12,736,474	14,305,002
First Nations and Inuit Health	13,067,316	14,235,365	13,063,574
Rent	2,114,166	4,616,463	4,907,118
Interest income	98,692	219,519	108,901
Other Government funding	320,930	1,228,500	248,288
Other revenue	4,142,048	11,264,791	14,357,436
Deferred revenue	--	64,232	854,783
	132,488,115	153,943,547	165,707,727
Program expenses (schedule 2):			
Blood Band Housing Authority (schedule 3)	5,033,959	4,309,306	7,440,478
Blood Indian Band Housing Society (schedule 4)	3,746,435	4,699,405	4,917,678
Blood Reserve School Bus co-op Ltd (schedule 5)	5,435,365	5,526,686	5,247,381
Blood Tribe Administration (schedule 6)	10,699,438	15,662,656	16,922,031
Blood Tribe Department of Health Inc. (schedule 7)	14,794,324	16,495,955	15,480,671
Blood Tribe Economic Development (schedule 8)	842,262	1,370,861	1,123,030
Blood Tribe Employment and Skills Training (schedule 9)	2,641,383	2,949,284	3,976,624
Blood Tribe Family and Community Support Services (schedule 10)	2,820,432	2,855,324	2,827,968
Blood Tribe Farming Initiative (schedule 11)	--	--	1,117,304
Blood Tribe First Nation Development Fund (schedule 12)	--	--	53,204
Blood Tribe Lands (schedule 13)	2,023,160	1,912,439	1,814,785
Blood Tribe Police Services (schedule 14)	5,981,000	6,888,562	6,310,733
Blood Tribe Public Works (schedule 15)	4,512,175	9,688,761	7,795,608
Blood Tribe Real Estate (schedule 16)	839,420	1,554,677	2,150,256
Blood Tribe Recreation (schedule 17)	1,793,331	3,360,953	2,786,893
Blood Tribe Revenue Fund (schedule 18)	7,107,515	892,589	6,761,062
Blood Tribe Social Development (schedule 19)	15,850,622	18,595,496	17,255,638
Blood Tribe/Kainai WW II Bombing and Gunnery Specific Claim Trust (schedule 20)	37,119	84,981	44,147
Kainai Education Society (schedule 21)	27,202,683	29,669,387	28,398,200
Kainai Manufactured Home Park (schedule 22)	--	143	80,394

# BLOOD TRIBE

Consolidated Statement of Operations and Accumulated Surplus  
Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017 (Restated - note 3)
Kainaiwa Akers Specific Claims Trust No. 1 and No. 2 (schedule 23)	512,195	558,801	417,208
Kainaiwa Children's Services Corporation (schedule 24)	12,901,789	14,423,910	14,146,305
Kainaiwa Developments Ltd. (schedule 25)	146,489	202,621	198,848
Kainaiwa Resources Inc. (schedule 26)	767,859	855,125	920,676
Ninastako Student Housing (schedule 27)	461,380	344,776	401,642
Red Crow Community College (scheudule 28)	10,541,621	10,396,281	10,234,889
<b>Total expenses</b>	<b>136,691,956</b>	<b>153,298,979</b>	<b>158,823,653</b>
Surplus before other items	(4,203,841)	644,568	6,884,074
Other income (expense)			
Gain (loss) from operation of investment in business enterprises (note 7)	--	2,574,868	(4,324,891)
<b>Surplus</b>	<b>(4,203,841)</b>	<b>3,219,436</b>	<b>2,559,183</b>
Accumulated surplus, beginning of year	182,495,973	201,104,234	198,545,051
<b>Accumulated surplus, end of year</b>	<b>\$178,292,132</b>	<b>\$204,323,670</b>	<b>\$201,104,234</b>

See accompanying notes to consolidated financial statements.

# BLOOD TRIBE

Consolidated Statement of Change in Net Financial Assets  
Year ended March 31, 2018, with comparative information for 2017

	Budget	2018	2017 (Restated - note 3)
Surplus	\$ (4,203,841)	\$ 3,219,436	\$ 2,559,183
Change of tangible capital assets	--	(5,305,198)	(12,435,807)
Change in prepaid expenses	--	(323,901)	12,678
Change in inventory for consumption	--	101,499	(203,848)
Changes in net financial assets	(4,203,841)	(2,308,164)	(10,067,794)
Net financial assets, beginning of year	--	70,571,847	80,639,641
Net financial assets, end of year	\$ 4,203,841	\$ 68,263,683	\$ 70,571,847

See accompanying notes to consolidated financial statements.



# BLOOD TRIBE

## Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017 (Restated - note 3)
Cash provided by (used in)		
Operating activities:		
Surplus	\$ 3,219,436	\$ 2,559,183
Non-cash items:		
Amortization	6,777,801	7,442,254
Deferred revenue	5,327,649	(1,396,118)
Loss (gain) from operation of investments in business enterprises	(2,574,868)	4,324,891
	12,750,018	12,930,210
Changes in working capital accounts:		
Accounts receivable	3,022,121	(5,050,518)
Accounts payable and accruals	41,724	296,857
Moveable capital asset replacement reserve	(163,874)	1,611,833
Inventory	1,212,997	1,379,135
Prepaid expenses	(323,901)	(9,793)
	16,539,085	11,157,724
Financing activities:		
Change in long-term debt	2,294,273	7,633,746
Capital activities:		
Change in tangible capital assets	(12,805,477)	(20,253,312)
Investing activities:		
Decrease (increase) in temporary investments	4,001	(146,917)
Decrease (increase) in restricted cash	(6,655,065)	730,115
Transfers from business enterprises (note 7)	(2,023,604)	(273,036)
Decrease in trust assets	40,865	333,241
	(8,633,803)	643,403
Increase (decrease) in cash and cash equivalents	(2,605,922)	1,066,329
Cash and cash equivalents, beginning of year	4,938,571	3,872,242
Cash and cash equivalents, end of year	\$ 2,332,649	\$ 4,938,571

See accompanying notes to consolidated financial statements.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 1. Operations:

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

## 2. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian Public sector accounting standards and are consistent with accounting policies set out by the Department of Indigenous and Northern Affairs Canada ("INAC"). Significant aspects of the accounting policies adopted by the Blood Tribe are as follows:

### (a) Reporting entity:

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

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

Blood Tribe Administration	Blood Tribe Real Estate
Blood Tribe Department of Health Inc.	Blood Tribe Recreation
Blood Tribe Economic Development	Blood Tribe Revenue Fund
Blood Tribe Employment and Skills Training	Blood Tribe Social Development
Blood Tribe Family and Community Support Services	Kainai Education Society
Blood Tribe Farming Initiative	Kainai Manufactured Home Park
Blood Tribe First Nation Development Fund	Kainaiwa Akers Specific Claims Trust No. 1 and No. 2
Blood Band Housing Authority	Kainaiwa Children's Services Corporation
Blood Indian Band Housing Society	Kainaiwa Developments Ltd.
Blood Tribe Band Housing Society	Kainaiwa Resources Inc.
Blood Tribe Police Service	Red Crow Community College
Blood Tribe Public Works	Blood Tribe/Kainai WW II Bombing and
Ninastako Student Housing	Gunnery Range Specific Claim Trust

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

The 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 shares of post acquisition earnings and contributions and decreased by post acquisition losses and distributions received. Enterprises accounted for by the modified equity basis include:

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 2. Significant accounting policies: (continued)

### (a) Reporting entity: (continued)

971445 Alberta Ltd.  
1110340 Alberta Ltd.  
1432126 Alberta Ltd.  
Blood Tribe Agricultural Project Ltd., made up of  
709204 Alberta Ltd. (O/a Blood Tribe Forage Processing Plant)  
AOHKII 2018  
Sawkee Feedlot Inc.  
Blood Band Farms Ltd.  
Blood Tribe Oil and Gas Partnership  
Kainai Agri-Business Corporation  
Kainai Housing Corporation  
Kainai Marketplace Ltd.  
St. Mary's Construction Company #7 Ltd.

### (b) Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable under the terms of applicable funding agreements; expenses are recognized as they are incurred and measurable as a result of the receipts of goods or services and the creation of a legal obligation to pay.

### (c) Cash and cash equivalents

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.

### (d) Temporary investments

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

### (e) Inventory

Inventory for resale is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

### (f) Non-financial assets

#### (i) Tangible capital assets

Tangible capital assets are initially recorded at costs based on historical cost accounting records. Construction in progress is recorded at the construction costs of the related housing project. Contributed tangible assets are recorded at their fair value at the date of contribution.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 2. Significant accounting policies: (continued)

### (ii) 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 lease 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 expensed as incurred.

### (iii) Amortization

	Method	Rate
Automotive and equipment	straight-line	30-10 years
Buildings	straight-line	20 years
Housing units	reverse sum of year digits	25 years
Infrastructure	straight-line	25 years

### (iv) Long-lived assets:

Long-lived assets consist of tangible capital assets. Long-lived assets held for use and 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 they amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year; impairment of tangible capital assets is reflected in accumulated surplus when impairment occurs. Prices for similar items are used to measure fair value of long-lived assets.

### (g) Funds held in Ottawa Trust Fund:

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

- Capital trust monies derived from non-renewable resource transactions on land or other Tribe tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 2. Significant accounting policies: (continued)

### (h) Investment in business enterprises:

The Blood Tribe follows the modified equity to account for its investment in business enterprises. The investment is stated at cost plus (less) the Blood Tribe's share of earnings/losses since acquisition plus capital and operating transfers to (from) the business enterprises. The statement of operations for business enterprises include the business enterprises' annual surplus (deficit) for the year ended March 31, 2018. The business enterprises' accounting principles have not been adjusted to conform to those of the Blood Tribe.

### (i) 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.

### (j) Use of estimates:

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 the consolidated financial statements, and the reported amounts of revenue 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. Amortization is based on the estimated useful lives of tangible capital assets.

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

### (k) Revenue recognition:

Indigenous and Northern Affairs Canada ("INAC") and First Nations and Inuit Health ("FNIH")

The Blood Tribe recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Blood Tribe recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Band Capital and Revenue Funds

The Blood Tribe recognizes revenue of the Capital and Revenue Fund as income is received and reported by the federal government.

Canada Mortgage and Housing Corporation ("CMHC")

CHMC 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.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 2. Significant accounting policies: (continued)

### (k) Revenue recognition: (continued)

#### Housing rental income

Rental revenue is recorded in the period it is earned.

#### Residential Rehabilitation Assistance Program ("RRAP")

RRAP provides five year, non interest bearing, 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.

#### Community Future Treaty 7 ("CFT7") and Treaty 7 Management Corporation ("T7MC")

Treaty 7 provides funding for specific purposes. These funds are reported as revenue 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.

#### Alberta Gaming and Liquor Commission ("AGLC")

AGLC provide funding for specific projects. These funds are reported as revenue 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.

#### Other Government Funding

The Blood Tribe recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Tribe recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

#### Other revenue

All other revenue received that are not subject to funding agreements are recorded in the year in which they are earned and collection is reasonably assured.

### (l) Segments:

The Tribe conducts its business through 24 reportable segments: See "reporting entity" accounting policy note for list of all segments. These operating segments are established by senior management to facilitate the achievement of the Blood Tribe long-term objectives to aid in resource allocation decisions, and to assess operational performance.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 2. Significant accounting policies: (continued)

### (l) Segments: (continued)

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in the segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2 the significant accounting policies.

### (m) Liability for contaminated sites:

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Tribe is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

At each financial reporting date, the Tribe reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Tribe continues to recognized the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made As at March 31, 2018, there is no liability for contaminated sites accrued in these consolidated financial statements.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 3. Correction of error

Subsequent to the release of the 2017 financial statements it was determined that information related to revenue, deferred revenue, tangible capital assets, expenses and accumulated surplus was required to be corrected. The financial statements have been corrected with retrospective effect. The effect on the amounts reported in the prior period are as follows:

	As previously reported	Amount of correction	As restated
<b>Consolidated Statement of Financial Position as at March 31, 2017</b>			
Financial assets	\$ 116,458,570	\$ 876,583	\$117,335,153
Financial liabilities	50,944,273	(4,180,967)	46,763,306
Net financial assets	65,514,297		70,572,847
Non-financial assets	121,645,910	8,886,477	130,532,387
Accumulated surplus, as at March 31, 2017	\$ 187,160,207		\$201,104,234

## **Consolidated Statement of Operations and Accumulated Surplus for the year ended March 31, 2017**

Revenue	\$ 163,544,230	\$ 9,932,539	\$173,476,769
Expenses	154,386,717	5,899,318	160,286,035
	9,157,513		13,190,734
Other income (expense)	(10,631,551)	--	(10,631,551)
Deficit	(1,474,038)		2,559,183
Accumulated surplus, beginning of year	190,547,426	9,910,806	200,458,232
Transfers (to) from non-consolidated entities	(1,913,181)	--	(1,913,181)
Accumulated surplus, end of year	\$ 187,160,207		\$201,104,234

Nature of corrections:

- 1) Accumulated sick banks - It was determined that certain employees accumulate a compensated absences benefit which has previously not been recorded in the financial statements.
- 2) Tangible capital assets - A vehicle purchased in a prior year had not been recorded in tangible capital assets and the related debt financing was not recorded in financial liabilities.
- 3) Cut-off - Cash from permittees related to fiscal 2018 was received subsequent to year end and was incorrectly recorded in the March 31, 2017 fiscal year.



# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 3. Correction of error (continued)

4) Revenue recognition - Revenue was corrected to reflect: Restricted revenue previously recognized when stipulations had not yet been met, revenue previously approved was not recognized, and revenue that had been deferred but the criteria for recognition had already been met and was not recognized.

5) Section 95 Housing Program - The financial statements for Section 95 housing programs was restated to give effect to the operating agreements with CMHC in relation to replacement reserve, operating surplus reserve, contributed surplus and minimum rent calculations.

Correction of amortization expense and accumulated amortization to reflect CMHC guidelines.

## 4. Adoption of new accounting standards

The Blood Tribe has prospectively adopted the following standards effective April 1, 2017:

PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.

PS 3420 - Inter-entity transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

PS 3210 - Assets provides guidance for applying the definition of assets set out in PS 1000, financial statement concepts, and establishes general disclosure standards for assets.

PS 3320 - Contingent assets defines and establishes disclosure standards for contingent assets.

PS 3380 - Contractual rights defines and establishes disclosure standards for contractual rights.

## 5. Temporary investments:

Temporary investments consist of guaranteed investment certificates bearing interest at rates ranging from 0.59% to 1.15% (2017 - 0.59% to 1.15%) with varying maturity dates from June 20, 2018 to March 16, 2019.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 6. Accounts receivable:

	2018	2017 (Restated - note 3)
Indigenous and Northern Affairs Canada	\$ 2,753,777	\$ 1,043,665
Alberta Gaming and Liquor Commission	472,886	538,303
First Nations and Inuit Health	--	402,509
Canada Revenue Agency	1,804,922	1,804,922
Canada Mortgage and Housing Corporation	568,372	1,152,831
Due from non-consolidated entities	3,467,596	5,744,955
Housing rents	1,477,668	3,137,464
Other	5,978,075	2,415,052
Ottawa Trust	5,246,281	7,408,581
Water and garbage fees	53,088	1,579,977
	21,822,665	25,228,259
Less: Allowance for doubtful accounts	3,434,469	4,743,422
	\$ 18,388,196	\$ 20,484,837

## 7. Investments in First Nation business enterprises:

The Blood Tribe has investment in the following entities:

	2017 Investment in business enterprises	2018 Net income (loss)	2018 Equity transfers	2018 Investment in business enterprises
Wholly-owned Businesses:				
971445 Alberta Ltd. (KRI)	\$ 2,122,339	\$ (14,738)	--	\$ 2,107,601
1110340 Alberta Ltd. (KRI)	955,013	(475,500)	--	479,513
1432126 Alberta Ltd. (Akers)	5,954,260	--	--	5,954,260
Blood Tribe Oil and Gas Partnership (KRI)	1,000,000	--	--	1,000,000
Blood Tribe Agricultural Project Ltd.	3,270,541	3,214,035	2,146,342	8,630,918
Kainai Agri-Business Corporation	16,496	--	--	16,496
Kainai Marketplace Ltd.	(274,363)	(150,429)	(122,738)	(547,530)
Kainai Housing Corporation	(76,039)	1,500	--	(74,539)
St. Mary's Construction Company #7 Ltd.	1	--	--	1
	\$ 12,968,248	\$ 2,574,868	\$ 2,023,604	\$ 17,566,720

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 7. Investments in First Nation business enterprises: (continued)

	2016 Investment in business enterprises	2017 Net income (loss)	2017 Equity transfers	2017 Investment in business enterprises
Wholly-owned Businesses:				
971445 Alberta Ltd. (KRI)	\$ 2,154,931	\$ (32,592)	\$ --	\$ 2,122,339
1110340 Alberta Ltd. (KRI)	1,247,513	(292,500)	--	955,013
1432126 Alberta Ltd. (Akers)	5,954,260	--	--	5,954,260
Blood Tribe Oil and Gas Partnership (KRI)	1,000,000	--	--	1,000,000
Blood Tribe Agricultural Project Ltd.	6,724,441	(3,724,936)	271,036	3,270,541
Kainai Agri-Business Corporation	16,496	(2,000)	2,000	16,496
Kainai Marketplace Ltd.	--	(274,363)	--	(274,363)
Kainai Housing Corporation	(77,539)	1,500	--	(76,039)
St. Mary's Construction Company #7 Ltd.	1	--	--	1
	<u>\$ 17,020,103</u>	<u>\$ (4,324,891)</u>	<u>\$ 273,036</u>	<u>\$ 12,968,248</u>

The Blood Tribe has guaranteed the following debt on behalf of its First Nation business enterprises:

Blood Tribe Agricultural Projects Ltd. has the following long-term debt which the Tribe has issued a guarantee for repayment:

- a) Blood Tribe Agricultural Projects Ltd. has a long-term debt due to the Bank of Montreal of \$380,000 (2017 - \$620,000), this term loan is payable in monthly instalments of \$20,000 (2017 - \$20,000 at an interest rate of prime plus 1.5%. (2017 - prime plus 1.5%), maturing 2020. Security consists of a general security agreement and guarantee by the Blood Tribe. The Blood Tribe has guaranteed \$nil (2017 - \$380,000) of this long-term debt. Payments under this guarantee will remain in place until the long-term debt is fully repaid. Payment is required if the company defaults on the loan. No liability has been recorded associated with this guarantee.

709204 Alberta Ltd. (operating as Blood Tribe Processing Plant) has the following long-term debt which the Blood Tribe has issued a guarantee for repayment:

- b) 709204 Alberta Ltd. (a division of Blood Tribe Forage Agriculture Project Ltd.) has long-term debt due to the Bank of Montreal of \$2,510,724 (2017 - \$3,046,440), this term loan is payable in monthly instalments of \$44,643 (2017 - \$44,643) at an interest rate of prime plus 1.5%. (2017 - prime plus 1.5%), maturing 2024. This loan is secured by related equipment with a net book value of \$2,877,014 (2017 - \$3,647,434) as well as a general security agreement with Chief and Council. The Blood Tribe has guaranteed \$2,510,724 (2017 - \$3,046,440) of this long-term debt. Payment under this guarantee will remain in place until the long-term debt is fully repaid. Payment is required if the company defaults on the loan. No liability has been recorded associated with this guarantee.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 7. Investments in First Nation business enterprises: (continued)

Condensed financial information for each entity for their respective period ending March 31, 2018 is as follows:

	Assets	Liabilities	Investment in business enterprises	Revenue	Expenses	Net income (loss)
971445 Alberta Ltd. (KRI)	\$ 2,304,021	\$ 196,420	\$ 2,107,601	\$ 117,683	\$ 132,421	\$ (14,738)
1110340 Alberta Ltd. (KRI)	481,013	1,500	479,513	--	475,500	(475,500)
1432126 Alberta Ltd. (Akers)	5,954,260	--	5,954,260	--	--	--
Blood Tribe Oil and Gas Partnership (KRI)	1,000,000	--	1,000,000	--	--	--
Blood Tribe Agricultural Project Ltd.	15,519,434	6,888,516	8,630,918	14,934,229	11,720,194	3,214,035
Kainai Agri-Business Corporation	18,496	2,000	16,496	--	--	--
Kainai Marketplace Ltd.	3,238,237	3,785,767	(547,530)	3,379,826	3,530,255	(150,429)
Kainai Housing Corporation	11,562	86,101	(74,539)	1,500	--	1,500
St. Mary's Construction Company #7 Ltd.	1	--	1	--	--	--
	\$ 28,527,024	\$ 10,960,304	\$ 17,566,720	\$ 18,433,238	\$ 15,858,370	\$ 2,574,868

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 8. Restricted cash:

	2018	2017
Blood Tribe Lands	\$ 1,335,694	\$ 1,255,960
Blood Tribe First Nation Development Fund	479,846	1,287,032
Blood Tribe Department of Health	38,298	55,209
Blood Tribe Recreation	--	10,117
Blood Indian Band Housing Society	955,674	477,837
Red Crow Community College	7,546,067	614,359
	<u>\$ 10,355,579</u>	<u>\$ 3,700,514</u>

### Notes to restricted cash

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 \$38,298 (2017 - \$55,209) for AYCES.

Blood Tribe First Nation Development Fund 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 Lands is involved in an agency agreement with the Blood Tribe land occupants whereby the Blood Tribe 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. At at March 31, 2018, the Tribe Lands restricted cash account is under funded by \$221,818 (2017 - \$131,111) as compared to the amount owed to trusts and estates.

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. The multi-purpose centre was completed in the 2015 fiscal year. The remainder of the funds have been transferred out in the 2018 fiscal year.

Blood Indian Band Housing Society restricted cash relates to annual contributions to a replacement reserve in accordance with Canada Mortgage and Housing Corporation ("CMHC") guidelines. In accordance with the terms of the agreements, CMHC reserve monies must be held or investment only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. Funds within the reserve account are required to be set aside for the replacement of housing units in accordance with CMHC policies.

Red Crow Community College restricted cash are term deposits that bear interest ranging from 1.34% to 1.15% and mature in August 2018.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 9. Funds held in trust:

	2018	2017
Capital trust		
Balance, beginning of year	\$ 59,080,439	\$ 64,327,162
Gas royalties	258,086	459,853
Oil royalties	2,669,808	3,775,452
Less: transfers	(2,739,597)	(9,482,028)
	59,268,736	59,080,439
Revenue trust		
Balance, beginning of year	6,759,308	7,815,729
Compensation payments	2,506	3,832
Easement payments	339,435	184,695
Interest	1,008,820	2,233,554
Land leases	530,611	1,028,539
Subsurface leases	90,832	1,996
Less: transfers	(1,980,237)	(4,509,037)
	6,751,275	6,759,308
WWII Bombing & Gunnery Range Claim trust	5,645,127	5,956,252
Akers trust		
Akers Claim	610,714	607,082
Akers Claim 2	309,664	223,300
	920,378	830,382
	\$ 72,585,516	\$ 72,626,381

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 No. 1 and Akers Claim No. 2 are invested for the future benefit of the Tribe in a trust created by the Blood Tribe. Trustees appointed by the Chief and Council of the Blood Tribe on terms and conditions set out in the specified Trust Agreement shall administer the trust. The Akers Claim No. 1 and Akers Claim No. 2 consist of cash in the amount of \$247,253 (2017 - \$144,031) bearing interest at 1.29% (2017 - 0.10%), and guaranteed investment certificates totaling \$682,124 (2017 - \$686,351), bearing interest ranging from 2.65% to 2.75% (2017 - 2.65% to 2.75%) and having maturity dates ranging from May 2017 to August 2019.

Blood Tribe/Kainai WWII Bombing and Gunnery Range Specific Claim Trust are invested for the future benefit of the Blood Tribe in a trust created by the Blood Tribe. Trustees appointed by the Chief and Council of the Blood Tribe on terms and conditions set out in the specified Trust Agreement shall administer the trust. The WWII consist of money market funds bearing interest at 1.29%.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 10. Bank indebtedness:

The Blood Tribe has a consolidated blanket overdraft facility of \$3,000,000 for Tribe departments and entities, which incurs interest at prime plus 1.25% (2017 - 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 Indigenous and Northern Affairs Canada. The blanket overdraft is assessed on an overall basis for all Blood Tribe departments and entities, positive bank balances are netted with bank indebtedness and the amount is assessed by the bank, overall the Blood Tribe is in a positive net cash balance. As at March 31, 2018, the prime rate used by Bank of Nova Scotia was 3.45% (2017 - 2.70%)

## 11. Accounts payable and accruals:

	2018	2017 (Restated - note 3)
Accounts payable and accrued liabilities	\$ 8,480,257	\$ 8,659,948
Payable to trusts and estates	1,557,512	1,389,071
Payable to Land Occupants	52,978	--
	\$ 10,090,747	\$ 10,049,019

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 12. Deferred revenue:

The following table represents changes in the deferred revenue balance attributable to individual reporting entities:

	Balance, beginning of year (Restated - note 3)	Contributions received	Contributions brought into revenue	Balance, end of year
Blood Indian Band Housing Society	\$ 592,000	\$ 16,995	\$ 592,000	\$ 16,995
Blood Tribe First Nation Development Fund	2,414,172	1,935,316	2,683,611	1,665,877
Blood Tribe Lands	--	68,000	--	68,000
Blood Tribe Recreation	--	10,292	--	10,292
Blood Tribe Admin	--	61,575	--	61,575
Blood Tribe Public Works	2,012,823	3,793,104	4,070,232	1,735,695
Kainai Board of Education	1,799,655	1,102,004	1,262,741	1,638,918
Red Crow Community College	567,135	6,914,151	65,204	7,416,082
Kainaiwa Children's Services Corporation	--	100,000	--	100,000
Kainaiwa Resources Inc.	19,800	--	--	19,800
	\$ 7,405,585	\$ 14,001,437	\$ 8,673,788	\$ 12,733,234

Red Crow Community College deferred revenue aggregates \$7,416,082 (2017 - \$567,135). The March 31, 2017 amount related to insurance proceeds from the fire was \$500,000 with the remainder being other contributions and Healthcare aid. The March 31, 2018 balance consists of \$6,874,074 for insurance proceeds and the remainder is other contributions.

Blood Tribe First National Development Fund deferred revenue relates to Alberta Gaming and Liquor Commission funds that have been received from a number of programs that have not yet been undertaken or for programs that have not been fully expensed as of March 31, 2018.

Housing Society, Lands, Recreation, Public Works, Kainai Education Society, Children Services and Kainawa Resources Inc. deferred revenue relates 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 expensed as of March 31, 2018.



# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 13. Long-term debt:

	2018	2017 (Restated - note 3)
Blood Tribe Administration	\$ 8,171	\$ 17,704
Blood Tribe Family and Community Support Services	82,444	130,522
Blood Tribe Health	321,552	--
Blood Tribe Lands	32,528	42,048
Blood Indian Band Housing Society	20,934,286	19,261,107
Blood Tribe Public Works	618,573	902,443
Blood Tribe Revenue Fund	1,500,000	2,000,000
Kainaiwa Children's Services Corporation	2,933,404	1,208,428
Red Crow Community College	--	31,610
Blood Tribe Recreation	1,875,000	2,411,579
Blood Tribe Economic Development	2,865,218	2,978,571
Blood Reserve School Bus Co-op	267,925	160,816
	31,439,101	29,144,828
Less: current portion	5,437,369	3,406,873
	\$ 26,001,732	\$ 25,737,955

Principal repayments on debt over the next five year are; assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2019 - \$5,437,369; 2020 - \$5,300,000; 2021 - \$5,200,000; 2022 - \$5,100,000; 2023 - \$5,000,000.

Mortgages, loans and finance contracts bear interest ranging from 0.00% to 5.69% (2017 - 0.00% to 5.69%).

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

Cash interest paid on long-term debt during the year amounted to \$1,684,320 (2017 - \$1,876,494).

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 14. Moveable capital asset replacement reserves:

	2018	2017
Blood Tribe Department of Health Inc.:		
Moveable Capital Asset Replacement Reserve		
Replacement reserve, beginning of year	\$ 163,874	\$ 163,780
Allocation from operations	--	35,700
Replacement of MCARR assets	(163,874)	(35,606)
	\$ --	\$ 163,874

Under the terms of the Moveable Capital Asset Replacement Reserve ("MCARR") agreement with First Nation and Inuit Health ("FNIH") the replacement reserve account is to be credit 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, 2018, the replacement reserve was \$nil (2017 - funded by cash of \$163,874).

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 15. Contingencies, commitments and guarantees:

The 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.

As at March 31, 2018, Blood Tribe Administration and Blood Tribe Revenue Fund have been guaranteed the credit facility mortgages and term loans of several related departments and entities. These guarantees are collateralized by Band Council Resolutions, co-signed by the Tribe and the Departments and a mortgage over certain Department assets. Payment under this guarantee, which will remain in place until loan and mortgage amounts are fully repaid, is required if the related department and entities default on payment. As of March 31, 2018, no liability (2017 - \$nil) has been recorded associated with this guarantee. The total guarantee is \$25,674,504 (2017 - \$25,853,310) and includes the following departments and entities: Blood Indian Band Housing Society, Red Crow Community College, Recreation and Economic Development.

The Tribe has guaranteed the term loan of Aohki 2018 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 Aohki 2018 defaults on the loan. As at March 31, 2018 and 2017, no liability has been recorded associated with this guarantee. The outstanding balance as at March 31, 2018 is \$380,000 (2017 - \$620,000).

The Blood Tribe has guaranteed the term loan of 709204 Alberta Ltd. (o/a Blood Tribe Forage Processing Plant) up to a maximum amount of \$4,500,000 which is reduced as the term debt is paid down. This loan is also secured by related equipment with a net book value of \$3,135,450 (2017 - \$3,647,434) as well as a general security agreement with Chief and Council. Payment under this guarantee is required if 709204 Alberta Ltd. (o/a Blood Tribe Forage Processing Plant) defaults on the loan. As at March 31, 2018, no liability has been recorded associated with this guarantee. The outstanding balance as at March 31, 2018 is \$2,635,776 (2017 - \$3,046,440).

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 consolidated financial statement date.

The Blood Band 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 Blood Tribe.

The Blood Indian Band Housing Society 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 Blood Tribe becomes aware of them. The Department has agreed with CMHC on a 5 year repayment plan to repay the underfunded reserves.

The Blood Indian Band 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 years ended March 31, 2018 and 2017, 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.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 15. Contingencies, commitments and guarantees: (continued)

The Blood Tribe Public Works operates a gravel pit to supply raw materials used in the ongoing maintenance of roads. The Department is responsible for the costs of reclaiming the gravel pits at the end of the production in accordance with provincial legislation. As at March 31, 2018, no amounts have been accrued for the reclamation costs as the liability cannot be reliably determined.

## 16. Construction in progress:

Prior to March 31, 2017, Blood Tribe Economic Development entered into a construction management contract for the construction of the grocery store. The entire grocery store project was expected to cost \$5,750,000 and be funded through Alberta Aboriginal Relations, Band Capital funding, and long-term debt proceeds. At at March 31, 2018, the total cost of construction of the centre amounted to \$nil (2017 - \$5,562,164). The construction project was completed during the 2018 fiscal year and the grocery store has been operating since September of 2016.

In addition, Blood Tribe Economic Development had entered into a construction management contract for the site development of the area directly surrounding the grocery store to be developed into commercial property. The project was expected to cost \$1,000,000 and be funded through Band Capital funding and internally generated funds. As at March 31, 2018, the total cost for the construction amounted to \$nil (2017 - \$1,004,301). The construction project was completed during the 2017 fiscal year.

As at March 31, 2018, the Blood Band Housing Authority was in the process of construction of an 8 unit and 10 unit housing projects, both scheduled to be completed in 2018. The Department expects total construction costs of these projects to be \$5,454,200. As at March 31, 2018, \$nil has been expended to complete the projects. Partial funding for this project is to be provided by long-term debt proceeds from CMHC totaling \$2,848,000 of which \$nil has been received to date. The terms and conditions of this financing are not determinable at the consolidated financial statement date. Upon completion of construction the capital cost and associated debt will be transferred to Blood Indian Band Housing Society.

At at March 31, 2017, the Blood Band Housing Authority was in the process of construction of an 10 unit and 4 unit housing projects, which were completed in 2017. The Department expected total construction costs of these projects to be \$4,859,028. At at March 31, 2018, \$nil has been expended to complete the projects. Partial funding for this project had been provided by long-term debt proceeds from CMHC totaling \$2,051,000 of which \$nil has been received to date. In the current year this project was complete thus the construction capital cost and associated debt have been transferred to Blood Indian Band Housing Society. There is a corresponding receivable from CMHC for the remainder of the debt proceeds to be received as of March 31, 2018 in Blood Indian Band Housing Society.

As at March 31, 2018, Kainaiwa Children's Services Corporation is in the process of constructing a new youth ranch facility. The project will be funded through insurance proceeds due to destruction of the old building, long-term financing and a portion may be funded through Internally generated Blood Tribe Funds. As at March 31, 2018, the total estimated cost to complete the project is \$2,372,498 and \$nil (2017 - \$334,440) has been expensed to date.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 17. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2018	2017 (Restated - note 3)
Equity in tangible capital assets	\$ 101,429,970	\$ 97,493,569
Equity in business enterprises	17,566,719	12,968,248
Equity in trust funds	72,585,516	72,626,381
Unrestricted accumulated surplus	10,264,850	15,335,795
Replacement Reserves	2,476,615	2,680,241
	<u>\$ 204,323,670</u>	<u>\$ 201,104,234</u>

Blood Indian Band Housing Society:

Under the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC") the replacement reserve account is to be credit 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, 2018, the replacement reserve is underfunded by \$1,520,941 (2017 - \$2,202,404) which is a breach of the CMHC covenant. The Department has agreed to repayment terms with CMHC to fund the underfunded portion over five years

## 18. Defined contribution plan:

The 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 Tribe matches the participant's contribution. Pension expense in the amount of \$1,642,793 (2017 - \$1,592,483) is included with salaries and benefits. There have been no changes to the pension plan in the current year.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 19. Government transfers:

During the year, the Tribe recognized the following government transfers:

	2018	2017 (Restated - note 3)
Indigenous and Northern Affairs Canada	\$ 93,363,390	\$ 92,362,304
First Nations and Inuit Health	14,235,365	13,063,574
Canada Mortgage and Housing Corporation	2,620,741	1,653,091
Community Futures Treaty 7	2,896,903	2,875,516
Treaty 7 Management Corporation	1,106,944	1,102,944
Public Safety Canada - Police Services	2,939,820	3,012,285
Alberta Justice - Police Services	2,820,680	2,683,920
Other provincial and federal funding	6,975,974	8,608,797
	<u>\$ 126,959,817</u>	<u>\$ 125,362,431</u>

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

## 20. Indigenous and Northern Affairs Canada Funding:

	Block	Fixed	Flexible	Set	Total
Akers Claim 1 and 2	\$ 132,371	\$ 48,150	\$ --	\$ --	\$ 180,521
Bus Co-op	5,435,365	--	--	--	5,435,365
Chief and Council	2,175,281	--	--	--	2,175,281
Department of Health Inc.	575,000	--	--	--	575,000
Economic Development	745,100	63,078	--	--	808,178
Employment and Skills Training	80,000	367,902	--	--	447,902
Family and Community Support Services	2,545,471	8,985,268	--	--	11,530,739
Finance	769,249	--	--	--	769,249
Housing	2,234,967	250,000	--	--	2,484,967
Kainai Education Society	20,430,402	2,365,317	3,105,188	286,906	26,187,813
Kainai Developments Ltd.	104,456	--	--	--	104,456
Lands	7,259	--	--	--	7,259
Management	705,000	--	--	--	705,000
Membership	236,706	--	--	6,529	243,235
Payroll	465,225	--	--	--	465,225
Public Relations	482,348	--	--	--	482,348
Public Services	2,273,024	312,425	--	100,000	2,685,449
Public Works	4,704,310	5,475,081	--	--	10,179,391
Real Estate	376,560	--	--	--	376,560
Recreation	1,535,949	--	--	--	1,535,949
Red Crow Community College	8,442,474	--	--	500,924	8,943,398
Social Development	13,454,021	32,500	--	2,703,584	16,190,105
Tribal Government	850,000	--	--	--	850,000
	\$ 68,760,538	\$ 17,899,721	\$ 3,105,188	\$ 3,597,943	\$ 93,363,390

## 21. Economic dependence:

The Tribe receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC 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.

## 22. Budget information:

The disclosed budget information has been approved by the Chief and Council of the Blood Tribe on April 3, 2017.

# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## 23. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

## 24. New and proposed accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board ("PSAB"). In 2019, the Tribe will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards are eligible for early adoption while others must be adopted concurrently.

### (a) PS 1201 – Financial Statement Presentation:

Remeasurement gains and losses are reported in a new statement: the statement of remeasurement gains and losses. Other comprehensive income arising when a government includes the results of government business enterprises and government business partnerships in its financial statements, is reported in the statement of remeasurement gains and losses. Accumulated surplus or deficit is presented as the total of the accumulated operating surplus or deficit and the accumulated remeasurement gains and losses. The standard is effective for fiscal years beginning on or after April 1, 2019.

### (b) PS 2601 – Foreign Currency Translation

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The result in unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

### (c) PS 3450 – Financial Instruments

Financial instruments are classified into two measurement categories: fair value, or cost or amortized cost. Portfolio investments in equity instruments quoted in an active market are measured at fair value. Other financial assets and financial liabilities are generally measured at cost or amortized cost. An entity may elect to measure any group of financial assets or financial liabilities (or both) at fair value when the entity has a risk management or investment strategy to manage those items on fair value basis. Remeasurement gains and losses on financial instruments measured at fair value are reported in the statement of remeasurement gains and losses until the financial instrument is derecognized. Financial liabilities are derecognized when, and only when, they are extinguished. The standard is effective for fiscal years beginning on or after April 1, 2019.

### (d) PS 3401 – Portfolio Investments

PS 3401 does not make a distinction between temporary and portfolio investments, and is cross referenced and conformed to the requirements of PS 3450. Investments previously within the scope of PS 3030, which are not cash equivalents, are now accounted for within the scope of PS 3401. The standard is effective for fiscal years beginning on or after April 1, 2019.



# BLOOD TRIBE

Notes to Consolidated Financial Statements  
Year ended March 31, 2018

---

## **25. Contractual rights**

Contractual rights are rights of the Blood Tribe to economic resource arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

## **26. Contractual Obligations**

The Blood Tribe has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

Service contracts include contractual obligations the Blood Tribe has entered into for services. Capital projects include contractual obligations for the construction or purchase of capital items.