

Consolidated Financial Statements of

**PIIKANI NATION**

Year ended March 31, 2014

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**


Management of the Piikani Nation is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Entity's financial position as at March 31, 2014 and the results of its operations for the year then ended.

The 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 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 carries out its responsibilities for review of the financial statements. The members of the Council are not officers or employees of the Entity. The Council meets regularly with management, and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Chief and Council with and without the presence of management. The Chief and Council of the Piikani Nation has approved the financial statements.

The financial statements for the year ended March 31, 2014 have been reported on by KPMG LLP, the external auditor. The Independent Auditors' Report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.

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July 14, 2014



KPMG LLP  
500 Lethbridge Centre Tower  
400 - 4th Avenue South  
Lethbridge AB T1J 4E1  
Canada

Telephone (403) 380-5700  
Fax (403) 380-5760  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## Independent Auditors' Report

To the Members of the Piikani Nation

We were engaged to audit the accompanying consolidated financial statements of Piikani Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) 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 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 conducting the audit in accordance with Canadian generally accepted auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide the basis for an audit opinion.

### *Basis for Disclaimer of Opinion*

There are serious deficiencies in the accounting records related to the lack of financial information for the Piikani Investment Corporation, an entity controlled by the Nation, and its subsidiary corporations. Further, the Nation has not included the net assets and results of operations of the Settlement Fund in these consolidated financial statements. As these entities are controlled by the Nation and are components of the government reporting entity, Canadian public sector accounting standards require that the net assets, results of operations and cash flows be reported in the consolidated financial statements. It is impractical to provide this information in the auditors' report.

### *Disclaimer of Opinion*

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

Chartered Accountants

July 14, 2014  
Lethbridge, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

# PIIKANI NATION

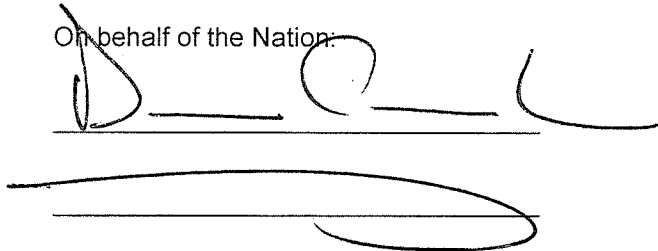
## Consolidated Statement of Financial Position

March 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash	\$ 10,323,144	\$ 7,660,978
Restricted cash	512,044	439,262
Investments (note 3)	6,274,452	7,117,669
Accounts receivable (note 4)	2,005,657	1,643,838
Trust funds (note 5)	2,499,142	2,809,703
Other	123,518	104,421
Inventory	1,669,107	1,513,530
Notes receivable	701,949	682,741
	24,109,013	21,972,142
Financial liabilities:		
Cheques issued in excess of funds on deposit	--	13,444
Bank indebtedness (note 9)	223,469	--
Accounts payable and accrued liabilities	5,053,034	4,923,882
Advance of future funding (note 7)	754,725	--
Deferred revenue (note 7)	6,360,899	4,879,260
Long-term debt (note 10)	6,995,859	8,428,606
Advances from settlement trust (note 8)	3,241,911	3,241,911
	22,629,897	21,487,103
Net financial assets	1,479,116	485,039
Non-financial assets:		
Tangible capital assets (note 6)	40,443,430	41,515,357
Prepaid expenses	91,094	76,377
Alberta Electrical Connection Operator's License (note 19)	53,000	53,000
	40,587,524	41,644,734
Economic dependence (note 12)		
Contingent liabilities (note 17)		
Commitments (note 20)		
Accumulated surplus (note 11)	\$ 42,066,640	\$42,129,773

See accompanying notes to consolidated financial statements.

On behalf of the Nation:



# PIIKANI NATION

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2014, with comparative information for 2013

	Budget (note 18)	2014	2013
Revenue:			
Aboriginal Affairs and Northern Development Canada (note 13)	\$ 16,171,370	\$ 15,976,340	\$ 16,619,985
Revenue on trust funds	--	209,439	182,524
Prior year trust funds released	650,000	520,000	191,931
Other	13,230,398	19,188,053	16,521,600
	30,051,768	35,893,832	33,516,040
Deferred revenue, beginning of year	10,634	4,879,260	3,989,467
Deferred revenue, end of year	--	(6,360,899)	(4,879,260)
	10,634	(1,481,639)	(889,793)
	30,062,402	34,412,193	32,626,247
Expenses:			
Salaries, wages and benefits	7,935,882	9,372,411	9,681,063
Chief and council honourariums and travel (note 16)	706,270	751,398	737,895
Energy purchases	319,734	204,831	221,115
Interest on long-term debt	147,062	587,146	751,471
Insurance	123,676	184,705	304,762
Social assistance	2,702,145	2,696,862	2,702,615
Professional fees	1,635,785	1,304,576	876,069
Utilities and telephone	338,790	426,873	384,838
Travel, meetings and conferences	562,635	793,488	791,227
Projects and programs	12,433,434	8,770,226	7,618,612
Office and administration	1,243,223	1,188,567	1,395,791
Interest and bank charges	23,766	29,547	40,306
Committee expenses	40,500	90,568	99,124
Repairs and maintenance	773,498	906,260	1,496,301
Settlement fund distribution	--	3,092,834	1,056,794
Other	207,748	1,326,509	1,701,021
Amortization	686,053	2,748,525	2,689,924
	29,880,201	34,475,326	32,548,928
Excess (deficiency) of revenue over expenses	182,201	(63,133)	77,319
Accumulated surplus, beginning of year	42,129,773	42,129,773	42,052,454
Accumulated surplus, end of year	\$ 42,311,974	\$ 42,066,640	\$ 42,129,773

See accompanying notes to consolidated financial statements.

# PIIKANI NATION

## Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended March 31, 2014, with comparative information for 2013

	Budget (note 18)	2014	2013
Excess (deficiency) of revenue over expenses	\$ 182,201	\$ (63,133)	\$ 77,319
Acquisition of tangible capital assets	--	(1,843,877)	(2,083,012)
Amortization of tangible capital assets	--	2,748,525	2,689,924
Gain on disposal of tangible capital assets	--	(22,277)	(112,268)
Proceeds on sale of tangible capital assets	--	189,556	672,730
Change in prepaid expenses	--	(14,717)	107,218
	--	1,057,210	1,274,592
Change in net financial assets (debt)	182,201	994,077	1,351,911
Net financial assets (debt), beginning of year	485,039	485,039	(866,872)
Net financial assets (debt), end of year	\$ 667,240	\$ 1,479,116	\$ 485,039

See accompanying notes to consolidated financial statements.

# PIIKANI NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (63,133)	\$ 77,319
Items not involving cash:		
Amortization	2,748,525	2,689,924
Gain on disposal of tangible capital assets	(22,277)	(112,268)
Gross revenue earned on trust funds	(209,439)	(182,524)
Equity earnings in Oldman River Hydro Joint Venture	(1,739,759)	(1,268,808)
Change in non-cash operating assets and liabilities:		
Inventory	(155,577)	(169,849)
Accounts receivable	(361,819)	546,987
Notes receivable	(19,208)	14,899
Accounts payable and accrued liabilities	129,152	(59,341)
Deferred revenue	1,481,639	889,793
Advance of future funding	754,725	--
Other	(19,097)	138,449
Prepaid expenses	(14,717)	107,218
	2,509,015	2,671,799
Capital activities:		
Acquisition of tangible capital assets	(1,843,877)	(2,083,012)
Proceeds on disposal of tangible capital assets	189,556	672,730
	(1,654,321)	(1,410,282)
Financing activities:		
Proceeds on long-term debt	88,756	91,044
Payments on long-term debt	(1,521,503)	(2,024,613)
	(1,432,747)	(1,933,569)
Investing activities:		
(Increase) decrease in investments	(83,555)	133,667
Trust funds disbursed	520,000	--
Distributions - Oldman River Hydro Joint Venture	2,666,531	1,533,539
Decrease (increase) in restricted funds	(72,782)	49,061
	3,030,194	1,716,267
Increase in cash	2,452,141	1,044,215
Cash, beginning of year	7,647,534	6,603,319
Cash, end of year	\$10,099,675	\$ 7,647,534
Cash consists of the following:		
Cash and cash equivalents	\$10,323,144	\$ 7,660,978
Cheques issued in excess of funds on deposit	--	(13,444)
Bank indebtedness	(223,469)	--
	\$10,099,675	\$ 7,647,534

See accompanying notes to consolidated financial statements.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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Piikani Nation is an aboriginal organization that represents Piikani Members in Southern Alberta.

### 1. Significant accounting policies:

The financial statements of Piikani Nation (the "Nation") are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the Nation are as follows:

#### (a) Reporting Entity:

The Piikani Nation reporting Entity includes the Piikani Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Piikani Nation.

The consolidated financial statements include the assets, liabilities and results of operations for the following entities:

Piikani Nation - Government  
Ky-Naak-Ku-Kan Housing Corporation  
Peigan Board of Education  
Piikani Resource Development Ltd.  
1559725 Alberta Ltd.

Piikani Social Development  
Peigan Indian Rural Electrification Association  
Oldman Irrigation Ltd.  
Piikani Child and Family Services  
Napiichktaa Environmental Impact Solutions Inc.

Information related to Piikani Investment Corporation and its related controlled entities, was not available and accordingly is not included in these consolidated financial statements.

#### (b) Basis of accounting:

The Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.



# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 1. Significant accounting policies (continued):

#### (c) Revenue recognition:

##### Government transfers:

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Government transfers, contributions and other amounts are received from third parties pursuant to legislations, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

##### Aboriginal Affairs and Northern Development Canada ("AANDC"):

Program revenue received from AANDC is recognized as it becomes receivable under the terms of the applicable funds transfer agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt.

##### Canada Mortgage and Housing Corporation ("CMHC"):

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

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

RRAP provides five year, non-interest bearing, and forgivable loans for low-income homeowners whose homes require major renovations. All funds received during the fiscal year are recorded as revenue earned in that year. Any funds, 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.

##### Treaty 7 Economic Development Corporation ("Treaty 7"):

Treaty 7 provides funding for specific purposes. Funds allocated to a specific purpose, which have not been expended for that purpose by the fiscal year end of the entity, are recorded as deferred revenue and appear as a liability on the statement of financial position. These funds are reported as revenues in the year the specific expenditures are incurred.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 1. Significant accounting policies (continued):

#### (d) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

#### (e) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

#### (f) Employee future benefits:

The Nation and its employees participate in a multi-employer defined benefit pension plan. The contributions are expensed as incurred.

#### (g) Investments:

Investments include a 25% interest in the Oldman River Hydro Joint Venture and are recorded on the equity basis. All other investments are recorded at cost.

#### (h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 1. Significant accounting policies (continued):

#### (h) Non-financial assets (continued):

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and improvements	20-40
Infrastructure, distribution systems and engineering structures	20-33
Automotive, machinery and equipment	3-5
Furniture and equipment	5
Computer equipment	3

When conditions indicate that a tangible capital asset no longer contributes to the Nation's ability to provide goods and services, or the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the net book value of the tangible capital asset is written down to reflect the decline in the tangible capital assets net book value.

Assets under construction are not amortized until the asset is available for productive use.

##### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

##### (iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

##### (iv) Interest capitalization

The Nation does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

##### (v) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 1. Significant accounting policies (continued):

#### (i) Inventory held for resale:

Housing inventory is measured at the lower of cost or net realizable value using the specific item basis. Costs consist of the cost of raw materials and other costs that bring the housing units to marketable condition.

Inventories of agricultural product and biological assets are valued at the lower of cost and estimated net realizable value.

The actual amount that will be realized for the inventories may be more or less than this value.

When circumstances exist where the estimated amounts that will be realized from the inventory is less than cost it is written down to the estimated net realizable value. When circumstances which previously resulted in inventories to be written down no longer exist the previous impairment is reversed.

#### (j) Asset retirement obligation:

The Nation is subject to regulations requiring the repair, removal and disposal of friable asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation.

As a result of the longevity of the Nation's facilities, due in part to the Nation's maintenance procedures, and the fact that the Nation does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Nation's facilities is indeterminable at year end. As a result, the Nation is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

#### (k) Use of estimates:

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from these estimates.

#### (l) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand and deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 2. Recent accounting pronouncements:

The Public Sector Accounting Board recently announced the following accounting pronouncements:

i) Liability for contaminated sites:

This accounting pronouncement establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. It is effective for fiscal years beginning on or after April 1, 2014, with early adoption encouraged.

ii) Financial instruments:

This accounting pronouncement establishes standards on how to account and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2015 for governments.

iii) Foreign currency translation:

This accounting pronouncement establishes standards on how to account and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2015 for governments.

Management has indicated that the impact of the adoption of these standards is being evaluated and it not known or reasonably estimable at this time.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 3. Investments:

Investments comprise of the following:

	2014	2013
Investment in Oldman River Hydro Joint Venture	\$ 6,153,455	\$7,080,267
Other	120,997	37,402
	<u>\$ 6,274,452</u>	<u>\$7,117,669</u>

Investment in Oldman River Hydro Joint Venture:

Piikani Nation holds a 25% interest in the Oldman River Hydro Joint Venture. Information specifically related to this interest is as follows:

	2014	2013
Investment in Oldman River Hydro Joint Venture	\$ 7,444,968	\$ 7,444,968
Advances for operating costs	50,000	50,000
Share of earnings (cumulative to December 31, 2013)	8,508,597	6,768,838
Cash distributions (cumulative to December 31, 2013)	(9,233,539)	(7,183,539)
	<u>\$ 6,770,026</u>	<u>\$ 7,080,267</u>
Nation's share as at December 31, 2013	\$ 6,770,026	
Less additional disbursements to March 31, 2014	(616,571)	
	<u>\$ 6,153,455</u>	

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 3. Investments (continued):

The following summarized information extracted from the Oldman River Hydro Joint Venture unaudited financial statements representing a 25% interest.

	2014	2013
Financial assets	\$ 1,310,193	\$ 978,415
Financial liabilities	1,488,995	721,640
Net financial assets (debt)	(178,802)	256,775
Non-financial assets	6,948,828	6,823,492
Share of equity, as at December 31	\$ 6,770,026	\$ 7,080,267
Nation's share as at December 31, 2013	\$ 6,770,026	
Less additional disbursements to March 31, 2014	(616,571)	
	\$ 6,153,455	
	2014	2013
Revenue	\$ 3,096,213	\$ 2,056,932
Costs of sales	(870,858)	(352,814)
Operating expenses	(485,596)	(435,310)
Share of earnings	\$ 1,739,759	\$ 1,268,808

### 4. Accounts receivable:

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 454,477	\$ 572,803
Community Futures - Treaty 7	109,903	74,372
First Nations Development Foundation	232,880	230,475
Other	1,208,397	766,188
	\$ 2,005,657	\$ 1,643,838

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 5. Trust funds:

The trust funds arise from monies 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. The management of these funds is primarily governed by Section 63 and Section 69 of the Indian Act. These funds can be accessed by the Piikani Nation with the approval of Aboriginal Affairs and Northern Development Canada. The trust funds include the following:

	2014	2013
Capital fund	\$ 5,813	\$ 5,813
Land replacement – capital account	2,115,000	2,115,000
Land replacement – revenue account	110,884	349,953
Per capita account	15,665	15,279
Revenue fund account	251,780	323,658
	<b>\$ 2,499,142</b>	<b>\$ 2,809,703</b>

### 6. Tangible capital assets:

Cost	2013	Additions	Disposals	2014
Land	\$ 952,499	\$ --	\$ --	\$ 952,499
Buildings and improvements	46,759,821	632,227	(50,000)	47,342,048
Distribution systems	12,349,119	391,777	--	12,740,896
Engineering structures	3,525,642	113,000	--	3,638,642
Furniture and equipment	3,003,277	113,510	(1,960)	3,114,827
Computer equipment	582,609	14,206	--	596,815
Automotive, machinery and equipment	5,648,835	579,157	(327,655)	5,900,337
	<b>\$72,821,802</b>	<b>\$ 1,843,877</b>	<b>\$ (379,615)</b>	<b>\$ 74,286,064</b>



# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 6. Tangible capital assets (continued):

Accumulated amortization	2013	Amortization expense	Disposals	2014
Buildings and improvements	\$ 19,083,293	\$ 1,543,712	\$ (16,829)	\$ 20,610,176
Distribution systems	4,499,872	381,326	--	4,881,198
Engineering structures	1,565,802	116,138	--	1,681,940
Furniture and equipment	2,532,755	152,109	(1,960)	2,682,904
Computer equipment	522,165	28,009	--	550,174
Automotive, machinery and equipment	3,102,558	527,231	(193,547)	3,436,242
Total	\$ 31,306,445	\$ 2,748,525	\$ (212,336)	\$ 33,842,634

Net book value	2014	2013
Land	\$ 952,499	\$ 952,499
Buildings and improvements	26,731,872	27,676,528
Distribution systems	7,859,698	7,849,247
Engineering structures	1,956,702	1,959,840
Furniture and equipment	431,923	470,522
Computer equipment	46,641	60,444
Automotive, machinery and equipment	2,464,095	2,546,277
	\$ 40,443,430	\$ 41,515,357

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 7. Deferred revenue:

	2014	2013
Piikani Administration	\$ 2,325,706	\$ 2,644,392
Piikani Child and Family Services	895,664	826,455
Piikani Human Resource Development and Employment Services	759,197	1,147,630
Piikani Public Works	2,225,310	5,311
Piikani Social Development	69,702	58,820
Peigan Board of Education	45,278	74,302
Piikani Resource Development Ltd.	1,300	1,300
Oldman Irrigation Ltd.	--	121,050
Piikani Ky Naak Ku-Kan	38,742	--
	<u>\$ 6,360,899</u>	<u>\$ 4,879,260</u>

### Advances of future funding:

During the year, funding from a future year's AANDC funding envelope was used to pay down mortgages on properties owned by the Nation. The advances will be recognized into revenue in the year of the related funding envelope.

### 8. Advances from Settlement Trust:

The amounts advanced from the Settlement Trust are unsecured, non-interest bearing and repayable on demand.

### 9. Bank indebtedness:

At March 31, 2014, the Nation had an operating line of credit totaling \$300,000 of which \$223,469 (2013 - \$nil) was drawn. This line of credit is collateralized by a general security agreement. This line of credit bears interest at prime plus 1.75% and revolves in increments of \$10,000. Interest is payable monthly. Prime rate as at March 31, 2014 is 3.00% (2013 – 3.00%).

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

## 10. Long-term debt:

	2014	2013
Piikani Housing Authority and Rentals:		
Housing loans payable to various financial institutions in monthly instalments of \$17,372 including interest at rates from 2.86% to 6.95%, secured by postponements and guarantees by parties within the reporting entity, an assignment of settlement trust interest revenues and specific assets owned by the Nation. Maturing at various dates to December, 2014	\$ 604,673	\$ 1,974,516
Piikani Administration:		
Loans payable in monthly instalments of \$11,400, including interest at 8%, secured by a demand promissory note for \$1,463,000, a Band Council Resolution authorizing the borrowing, assignment of lease payments of the related building and an assignment of insurance, matures February, 2017	1,010,035	1,094,675
CNH Equipment loans payable in annual installments of \$34,916 including interest at rates from 0% to 6.99%, secured by specific equipment maturing at various dates to October, 2017	81,374	108,960
BMO equipment loan with interest rates at prime plus 2%, payable in monthly installments of \$783 plus interest, secured by specific equipment and due on demand	17,732	26,633
Piikani Administration and Piikani Resource Development Ltd.: 8% loan to Piikani Settlement Fund, the terms of this loan are discussed below	5,169,076	5,169,076
Piikani Board of Education:		
Finance contract with interest at 6.75%, payable in monthly instalments at \$999, secured by specific equipment, maturing July, 2016	22,172	30,437
Term loan payable in monthly installments of \$695, including interest of 5.50%, secured by specific equipment due April, 2016	16,510	24,309
Finance contract payable in 10 monthly installments of \$1,996 per annum including interest at 6.65%, secured by specific equipment, due June, 2018	74,287	--
	<b>\$ 6,995,859</b>	<b>\$ 8,428,606</b>

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

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## **10. Long-term debt (continued):**

The loan to Piikani Settlement fund is payable to Piikani Energy Corporation but ultimately to the Settlement fund of the Piikani Nation through the Piikani Oldman Hydro Limited Partnership.

The loan was arranged under the guidance of the Trust Agreement created by the Settlement Agreement signed between the Piikani Nation, the Government of Canada and the Province of Alberta. The Settlement Agreement is the result of ongoing negotiations to settle claims and disputes relating to the Oldman River, The Lethbridge Northern Irrigation Headworks and the Oldman River Dam between the Federal Government of Canada and the Provincial Government of Alberta. Through the Settlement Agreement, the Piikani Nation has resolved land and water claim issues as well as has access to financial resources in the development of the Piikani Nation for the benefit of its members.

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

## 11. Accumulated surplus:

	Operating	Trust funds	CMHC Reserve	Capital	Total 2014	Total 2013
Balance, beginning of year	\$ 429,153	\$ 2,809,703	\$ 635,090	\$38,255,827	\$42,129,773	\$ 42,052,454
Excess (deficiency) of revenue over expenses	(63,133)	--	--	--	(63,133)	77,319
Amortization of tangible capital assets	2,748,525	--	--	(2,748,525)	--	--
Acquisition of tangible capital assets	(1,843,877)	--	--	1,843,877	--	--
Net book value of assets disposed	167,279	--	--	(167,279)	--	--
Transfer from CMHC reserve	555,090	--	(555,090)	--	--	--
Gross revenue earned on trust funds	(209,439)	209,439	--	--	--	--
Trust funds disbursed	520,000	(520,000)	--	--	--	--
Principal payments on long-term debt related to capital tangible assets	(1,521,503)	--	--	1,521,503	--	--
Funds borrowed to purchase tangible capital assets	88,756	--	--	(88,756)	--	--
	\$ 870,851	\$ 2,499,142	\$ 80,000	\$38,616,647	\$42,066,640	\$ 42,129,773

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 12. Economic dependence:

Piikani Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada, Health Canada and other Federal and Provincial government departments.

### 13. Aboriginal Affairs and Northern Development Canada:

	2014	2013
Fixed:		
Administration:		
Day-Care	\$ 273,500	\$ 273,500
Administration - Estates	50,000	--
Community Economic Development Program	214,565	214,565
Planning Design and Construction	--	1,194,427
Reserve Lands and Environment Management	191,255	136,645
Public Works:		
Pension Plan Administration	26,258	26,258
Water - Under \$1.5M	30,000	38,886
Wastewater Under \$1.5M	--	35,000
Wastewater Systems	36,042	36,042
Water Systems	438,430	438,430
Roads and Bridges	207,600	366,800
Flood and Erosion Control	113,000	--
Fire Protection	56,421	56,421
Road and Bridges	729,316	729,316
Electrical Systems	4,549	4,549
Community Buildings	105,029	105,029
Maintenance Management	71,700	71,700
Solid Waste	273,040	273,040
Piikani Social Development:		
Service Delivery	576,110	606,110
Piikani Housing and Rental Authorities:		
Planning Design and Construction	784,800	--
Management Support	5,100	5,100
Carried forward	4,186,715	4,611,818

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 13. Aboriginal Affairs and Northern Development Canada (continued):

	2014	2013
Brought forward	4,186,715	4,611,818
Fixed (continued):		
Public Child and Family Services:		
Operations	974,887	1,189,590
FNCFS Agency Self Evaluation	30,600	--
Foster Homes	746,920	633,185
Group Homes	276,637	200,000
Prevention, least disruptive measures	278,330	414,470
Kinship Care	179,814	100,000
Post-adoption subsidies	179,814	100,000
Piikani Board of Education:		
Various Education Envelopes	4,134,957	4,016,887
Set:		
Piikani Administration:		
Registry	26,201	26,334
In-home Care	77,752	143,950
Social Assistance for Employment and Training	--	39,000
National Child Benefit Reinvestment	362,003	318,500
Business Development	--	145,541
Research and Advocacy	--	60,000
Leadership Governance Capacity Development	--	48,000
Piikani Public Works:		
CPP/QPP and Private Pension Plans	102,505	102,505
Water Under \$1.5 M	--	23,114
Water O&M	50,056	50,056
Wastewater O&M	35,998	35,998
Piikani Human Resources Development and Employment Services:		
First Nation & Inuit - Summer Work Experience	40,853	36,862
First Nation & Inuit - Skills Link Program	44,854	--
Piikani Social Development:		
Basic Needs	2,548,534	2,519,348
Child Out of Parental Home Allowance	12,480	17,183
Special Needs	141,132	141,132
Carried forward	14,431,042	14,973,473

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 13. Aboriginal Affairs and Northern Development Canada (continued):

	2014	2013
Brought forward	14,431,042	14,973,473
Set (continued):		
Piikani Board of Education:		
CPP/QPP and Private Pension Plans	115,259	115,259
Enhance Teachers Salaries	71,146	67,828
New Paths – teacher recruitment and retention	20,433	10,581
New Paths – parental and community involvement	20,433	22,153
First Nation Education Management and Governance Capacity	14,434	45,000
New Paths – improving school effectiveness	144,434	167,616
Bank operated school	374,237	379,476
Skills link program	35,519	25,824
Skills link program - information and communication	--	43,540
Grant		
Piikani Administration:		
Band Support Funding	749,403	769,235
	\$ 15,976,340	\$ 16,619,985

### 14. Supplemental information on set funding:

This note contains supplemental information regarding set contribution funding as provided by AANDC. If surplus amounts exist these amounts are repayable back to AANDC as per the Set funding agreement. Deficits are not funded by AANDC and becomes the responsibility of the Nation. The supplemental information presents only the current years funding amounts and are included in the schedules to the financial statements.



# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

## 14. Supplemental information on set funding (continued):

	Basic Needs	Home Allowance	Child out of Parental	Special Needs	First Nation and Inuit Summer - Work Experience	First Nation and Inuit Skills - Link Program
Revenue:						
Aboriginal Affairs and Northern Development Canada	\$ 2,548,534	\$ 12,480		\$ 141,132	\$ 40,853	\$ 44,854
Expenses:						
Social Development Programs	2,587,365	13,656		95,841	--	--
Human Resource Development Programs	--	--	--	--	64,071	7,595
CPP/QPP – Pension and Expenses	--	--	--	--	--	--
Water Operations and Management	--	--	--	--	--	--
Wastewater Operations and Management	--	--	--	--	--	--
National Child Benefit Programs	--	--	--	--	--	--
Registry and Administration	--	--	--	--	--	--
Assisted Living Wages	--	--	--	--	--	--
	2,587,365	13,656		95,481	64,071	7,595
Set funding surplus (deficit)	\$ (38,831)	\$ (1,176)		\$ 45,291	\$ (23,218)	\$ 37,259

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

## 14. Supplemental information on set funding (continued):

	CPP/QPP and Private Pension Plans	Water O & M	Wastewater O & M	National Child Benefit Reinvestment	Registry	In Home Care
Revenue:						
Aboriginal Affairs and Northern Development Canada	\$ 102,505	\$ 50,056	\$ 35,998	\$ 362,003	\$ 26,021	\$ 77,752
Expenses:						
Social Development Programs	--	--	--	--	--	--
Human Resource Development Programs	--	--	--	--	--	--
CPP/QPP -- Pension and Expenses	116,635	--	--	--	--	--
Water Operations and Management	--	50,056	--	--	--	--
Wastewater Operations and Management	--	--	35,998	--	--	--
National Child Benefit Programs	--	--	--	362,003	--	--
Registry and Administration	--	--	--	--	26,021	--
Assisted Living Wages	--	--	--	--	--	115,598
	116,635	50,056	35,998	362,003	26,021	115,598
Set funding surplus (deficit)	\$ (14,130)	\$ --	\$ --	\$ --	\$ --	\$ (37,846)

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

## 14. Supplemental information on set funding (continued):

	CPP/QPP and Private pension plans	Enhanced teacher salaries	New Paths- teacher recruitment & retention	New Paths- parental & community engagement
Revenue:				
Aboriginal Affairs and Northern Development Canada	\$ 115,259	\$ 71,146	\$ 20,433	\$ 20,433
Expenses:				
Canada Pension Plan	24,813	--	--	--
Private Pension Plan	111,757	--	--	--
Teachers salaries – elementary	--	--	--	--
Professional development:				
Post secondary	--	--	8,300	--
High school	--	--	14,505	--
Elementary	--	--	10,576	--
Special projects new paths:				
High school	--	--	--	19,653
Elementary	--	--	--	4,098
Set funding surplus (deficit)	\$ (21,311)	\$ --	\$ (12,948)	\$ (3,318)

# PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2014

## 14. Supplemental information on set funding (continued):

	First Nation Education Management and governance capacity	New Paths- improving school effectiveness	Ban operated school	Skills link program
Revenue:				
Aboriginal Affairs and Northern Development Canada	\$ 14,434	\$ 144,434	\$ 374,237	\$ 35,519
Expenses:				
Special projects	--	24,070	--	--
Salaries	--	--	325,430	35,519
Supplies	--	151,396	438	--
Professional development	20,628	--	--	--
Professional fees	--	--	37,097	--
Travel	--	--	2,376	--
Set funding surplus (deficit)	\$ (6,194)	\$ (31,032)	\$ 8,896	\$ --

Set funding surpluses are included in deferred revenue on the schedules to the financial statements and on the statement of financial position.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 16. Honouraria, salaries and benefits disclosures (continued):

	Months	Salary and benefits	Travel	Total 2014	Total 2013 (ii)
Chief Executive Officer	12	\$ 80,333	\$ 15,543	\$ 95,876	\$ 100,570
Chief Financial Officer	12	68,868	2,750	71,618	34,649
Other Directors and Managers	12	896,419	134,254	1,030,673	821,937
		\$ 1,045,620	\$ 152,547	\$ 1,198,167	\$ 957,156

(ii) The Chief Executive Officer and Chief Financial Officer positions were filled by multiple individuals in the 2013 year end.

### 17. Contingent liabilities:

- a) The Nation has been named a defendant in various legal actions. Management is of the opinion that there is a strong defense against these claims. Accordingly, no provisions for losses have been reflected in the accounts.
- b) The Nation has not recognized a liability for certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value of these liabilities cannot be reasonably determined as the settlement dates are not known.

### 18. Budget information:

The budget information presented in these financial statements is based upon the 2014 operating and capital budgets approved by the Chief and Council and various Committees.

### 19. Alberta Electrical Connection Operator License:

On September 9, 2010, the Nation paid \$53,000 to the Piikani Energy Corporation to have the Alberta Electrical Connection Operator application for the Piikani Wind Project amended so that the Nation was the applicant. This effectively resulted in the Nation purchasing the Piikani Energy Corporation's interest in the Alberta Connection Operator application.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

### 15. Financial instruments:

It is management's opinion that the Entity is not exposed to significant interest, currency, liquidity or credit risk arising from its financial instruments.

Unless otherwise noted, the fair values of financial assets and liabilities approximate their carrying values due to the relatively short periods to maturity of the instruments.

### 16. Honouraria, salaries and benefits disclosures:

Honourarium and travel expense paid to elected officials:

	Months	Honourarium	Travel	Total 2014	Total 2013
Andrew Provost	12	\$ 48,525	\$ 5,218	\$ 53,743	52,313
Angela Grier	12	48,525	12,834	61,359	57,993
Casey Scott	12	48,525	3,629	52,154	54,978
Clayton Small Legs	12	56,073	20,751	76,824	63,518
Eloise Provost	12	49,455	4,167	53,622	54,824
Fabian North Peigan	12	49,125	23,453	72,578	62,985
Rebecca Weasel Traveler	12	48,525	6,728	55,253	54,186
Kyle Grier	12	49,455	6,806	56,261	57,809
Maurice Little Wolf	12	48,525	2,413	50,938	51,684
Wesley Provost	12	48,525	3,294	51,819	56,005
Willard Yellow Face	12	48,525	4,460	52,985	53,432
Doane Crowshoe	12	48,525	9,864	58,389	61,449
Gayle Strikes					
With A Gun (i)	12	55,473	--	55,473	56,719
		\$ 647,781	\$ 103,617	\$ 751,398	\$ 737,895

(i) Includes amounts accrued for the year.

# PIIKANI NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2014

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### 20. Commitments:

The Nation has the following commitments:

- a) In the normal course of business, the Nation enters into commitments for both capital and operational leases. The estimated minimum aggregate annual payments are approximately \$65,000. These commitments have been budgeted for and are approved by Chief and Council.
- b) The Nation has entered into agreements with Zynxx (Utility Net) to assist in managing their electricity portfolio and back end processing including support and managing meter assets, power pool purchases, wire rate billing and management of customer accounts. The Nation pays \$4 per new member service and \$9 per member monthly.

### 21. Segmented disclosure:

The Entity discloses information on its segments in the following schedule. The Entity provides a range of services to the Nation Members, for each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments is consistent with those adopted by the Entity as a whole.

# PIIKANI NATION

## Consolidated Schedule of Segmented Disclosures

Year ended March 31, 2014, with comparative figures for 2013

	2014			2013		
	Revenues	Expenses	Excess (deficiency)	Revenues	Expenses	Excess (deficiency)
Piikani Administration	\$ 15,425,820	\$ 17,024,554	\$ (1,598,734)	\$ 12,758,010	\$ 12,996,814	\$ (238,804)
Piikani Social Development	3,550,811	3,221,647	329,164	3,177,867	3,264,756	(86,889)
Piikani Housing Authority and Rentals	1,205,639	1,085,925	119,714	1,197,632	1,347,074	(149,442)
Ky-Naak-Ku-Kan Housing Corporation	1,087,779	587,572	500,207	1,104,380	660,065	444,315
Piikani Human Resource Development and Employment Services	2,095,554	1,641,252	454,302	1,207,367	1,209,245	(1,878)
Piikani Public Works	2,823,674	2,805,098	18,576	2,571,697	2,663,407	(91,710)
Peigan Board of Education	5,793,672	6,402,079	(608,407)	6,660,145	6,831,633	(171,488)
Piikani Child and Family Services	3,332,512	3,315,678	16,834	3,957,843	3,424,492	533,351
Piikani Resource Development Ltd.	1,021,801	496,867	524,934	914,246	911,361	2,885
Peigan Indian Rural Electrification Association	906,653	726,335	180,318	600,511	763,572	(163,061)
Oldman Irrigation Ltd.	121,410	121,451	(41)	520	480	40
1559725 Alberta Ltd.	1,714	1,714	--	1,702	1,702	--
Napiichktaa Environmental Impact Solutions Inc.	--	--	--	--	--	--
	37,367,039	37,430,172	(63,133)	34,151,920	34,074,601	77,319
Net inter-departmental elimination	(2,954,846)	(2,954,846)	--	(1,525,673)	(1,525,673)	--
	\$ 34,412,193	\$ 34,475,326	\$ (63,133)	\$ 32,626,247	\$ 32,548,928	\$ 77,319