

**Alexander First Nation**  
**Consolidated Financial Statements**  
*March 31, 2017*

# Alexander First Nation

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*For the year ended March 31, 2017*

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## Management's Responsibility

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To the Members of Alexander First Nation:

The accompanying consolidated financial statements of Alexander First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

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

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

June 6, 2018

"Signed by Alphonse Arcand"

Administrator

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# Independent Auditors' Report

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To the Members of Alexander First Nation:

We have audited the accompanying consolidated financial statements of Alexander First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## *Management's Responsibility for the Consolidated Financial Statements*

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

## *Auditors' Responsibility*

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

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

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

## *Basis for Qualified Opinion on the Results of Operations and Cash Flows*

For the year ended March 31, 2016, we were unable to obtain sufficient appropriate audit evidence to conclude on whether the consolidated financial statements for the year ended March 31, 2016 were free from material misstatement. Accordingly, we did not express an opinion on the consolidated financial statements. Since the opening balances for accounts on the statement of financial position affect the results of operations and cash flows for the year being audited, we were unable to determine whether adjustments to the results of operations and cash flows might be necessary for the year ended March 31, 2017.

## *Basis for Qualified Opinion*

The First Nation consolidates the Alexander First Nation 1905 Land Surrender Claim Trust (the "Trust"), which is a departure from Canadian accounting standards for the Public Sector as the First Nation does not control the Trust. Therefore it should not be consolidated into the government reporting entity. See note 1 for details of consolidated entities. The effect of the departure as at March 31, 2017 is that cash is overstated by \$740,840; Restricted investments – Land Surrender Claim is overstated by \$56,474,084; Distributions due to minors is overstated by \$2,530,030; Accumulated surplus, beginning of year is overstated by \$50,739,410; Accumulated remeasurement gains (losses), beginning of the year is overstated by \$2,130,099; and for the year ended March 31, 2017, LSC investment income is overstated by \$2,647,868, Transfer of LSC income to other departments is overstated by \$1,842,793; expenses are overstated by \$456,529 and Change in remeasurement gains for the year is overstated by \$1,795,839.

The First Nation owns a subsidiary company that should be included in the reporting entity and accounted for under the modified equity method. Adequate records for the corporation were not available as at our report date and therefore it was not included in the consolidated financial statements, which is a departure from Canadian public sector accounting standards. The effect on the consolidated financial statements from this exclusion cannot be determined since there are inadequate records for the company, however, the accounts that would be affected are Investments in business enterprises (statement of financial position) and investment income from business enterprises (statements of operations and cash flows).

We were unable to observe sufficient evidence of the Nation's budget being formally prepared and approved. Therefore, the Nation did not meet PSA standard 1201 that requires a budget be prepared and disclosed.

## *Qualified Opinion on the Results of Operations and Cash Flows*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion on the Results of Operations and Cash Flows paragraph and the effects of the matters described in the Basis for Qualified Opinion paragraphs, the consolidated statements of operations, accumulated surplus, and cash flows present fairly, in all material respects, the results of operations and cash flows of Alexander First Nation and its subsidiaries for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards.

## *Qualified Opinion on the Financial Position*

In our opinion, except as described in the Basis for Qualified Opinion paragraphs above, the consolidated statement of financial position presents fairly, in all material respects, the financial position of Alexander First Nation and its subsidiaries for the year ended March 31, 2017 in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

June 6, 2018

*MNP LLP*

Chartered Professional Accountants

**Alexander First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2017*

	2017	2016
<b>Financial assets</b>		
Cash (Note 2)	2,090,200	819,212
Accounts receivable (Note 3)	2,465,246	221,340
INAC capital and revenue trust funds (Note 4)	1,990,891	3,126,060
Restricted investments - Land Surrender Claim	56,474,084	54,578,170
<b>Total of assets</b>	<b>63,020,421</b>	<b>58,744,782</b>
<b>Liabilities</b>		
Accounts payable and accruals (Note 5)	2,655,502	1,720,178
Deferred revenue (Note 6)	869,695	-
Long-term debt (Note 7)	9,473,434	9,007,144
Distributions due to minors (Note 8)	2,530,030	2,785,464
<b>Total of financial liabilities</b>	<b>15,528,661</b>	<b>13,512,786</b>
<b>Net financial assets</b>	<b>47,491,760</b>	<b>45,231,996</b>
<b>Contingencies (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	22,660,120	23,665,028
Prepaid expenses	25,785	-
<b>Accumulated surplus</b>	<b>70,177,665</b>	<b>68,897,024</b>
<b>Accumulated surplus is comprised of:</b>		
Accumulated surplus	66,251,727	66,766,925
Accumulated remeasurement gains	3,925,938	2,130,099
	<b>70,177,665</b>	<b>68,897,024</b>

**Approved on behalf of the First Nation**

_____	<b>Chief</b>	<u>"Signed by Joe Kootenay"</u>	<b>Councilor</b>
<u>"Signed by Anita Arcand"</u>	<b>Councilor</b>	<u>"Signed by Marcel Paul"</u>	<b>Councilor</b>
<u>"Signed by Christopher Arcand"</u>	<b>Councilor</b>	<u>"Signed by Cheryl Savoie"</u>	<b>Councilor</b>
<u>"Signed by Sheldon Arcand"</u>	<b>Councilor</b>		

**Alexander First Nation**  
**Consolidated Statement of Operations**  
*For the year ended March 31, 2017*

	<i>Schedules</i>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada			
Block funding		7,813,500	7,682,647
Fixed funding		1,372,346	274,341
Set funding		1,539,677	848,344
INAC funds carried forward		(869,695)	-
Other revenue		2,944,984	3,167,852
Service Canada		294,570	-
Human Resources and Development grant		207,445	115,000
Health Canada		2,901,373	2,768,814
Canada Mortgage and Housing Corporation		1,148,672	465,589
Transfers from LSC		1,842,793	1,807,174
First Nation Development Fund Grants		662,986	695,595
Forestry revenue		973,080	772,818
Industry Relations Corporation revenue		540,036	854,221
Rental income		52,500	-
Province of Alberta		574,285	493,082
Transfers from INAC band funds		1,794,800	3,516,624
		<b>23,793,352</b>	<b>23,462,101</b>
<b>Expenses</b>			
Band Government	3	4,005,373	6,238,461
Public Works	4	1,538,998	1,508,221
Kipohakawmik Lodge	5	1,547,874	1,664,513
Economic Development	6	428,570	551,406
Community Services	7	498,342	877,074
Housing	8	1,176,653	148,400
Amortization	9	1,791,728	2,128,133
Health	10	2,832,092	3,014,857
Social Services	11	1,421,545	1,118,854
Education Authority	12	5,747,664	4,897,923
Farm	13	168,737	134,856
Forestry	14	849,243	731,989
KMC	15	-	607,186
Employment and Labour Services	16	620,166	548,511
Industry Relations Corporation	17	440,793	951,698
1905 Land Surrender Claim Trust	18	456,529	485,241
Lands	19	454,150	460,125
<b>Total expenditures</b>		<b>23,978,457</b>	<b>26,067,448</b>
<b>Deficit before other items</b>		<b>(185,105)</b>	<b>(2,605,347)</b>
<b>Other income (expense)</b>			
INAC band funds capital account income		392,466	4,255,842
INAC band funds revenue account income		267,166	234,935
Transfers of band funds to other departments		(1,794,800)	(3,516,624)
LSC investment income		2,647,868	3,730,845
Transfer of LSC income to other departments		(1,842,793)	(1,506,594)
		<b>(330,093)</b>	<b>3,198,404</b>
<b>Surplus (deficit)</b>		<b>(515,198)</b>	<b>593,057</b>

The accompanying notes are an integral part of these consolidated financial statements

**Alexander First Nation**  
**Consolidated Statement of Accumulated Surplus**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>66,829,841</b>	66,173,868
Correction of an error <i>(Note 12)</i>	<b>(62,916)</b>	-
<b>Accumulated surplus, beginning of year, as restated</b>	<b>66,766,925</b>	66,173,868
<b>Surplus (deficit)</b>	<b>(515,198)</b>	593,057
<b>Accumulated surplus, end of year</b>	<b>66,251,727</b>	66,766,925

**Alexander First Nation**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Accumulated remeasurement gains (losses), beginning of year</b>	<b>2,130,099</b>	-
<b>Unrealized gains (losses) attributable to:</b>		
2014 Accumulated remeasurement gain	-	3,175,166
Portfolio investments	<b>1,795,839</b>	(1,045,067)
<b>Change in remeasurement gains, for the year</b>	<b>1,795,839</b>	2,130,099
<b>Accumulated remeasurement gains, end of year</b>	<b>3,925,938</b>	2,130,099



**Alexander First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Annual surplus (deficit)</b>	<b>(515,198)</b>	593,057
Purchases of tangible capital assets	<b>(1,014,709)</b>	(1,946,828)
Amortization of tangible capital assets <i>(Schedule 1)</i>	<b>2,019,617</b>	2,381,124
Acquisition of prepaid expenses	<b>(25,785)</b>	-
Change in remeasurement gains (losses) for the year	<b>1,795,839</b>	2,130,099
Correction of an error <i>(Note 12)</i>	-	(148,171)
<b>Decrease in net financial assets</b>	<b>2,259,764</b>	3,009,281
<b>Net financial assets, beginning of year</b>	<b>45,231,996</b>	42,222,715
<b>Net financial assets, end of year</b>	<b>47,491,760</b>	45,231,996

**Alexander First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Deficit	<b>(515,198)</b>	593,057
Non-cash items		
Amortization	<b>2,019,617</b>	2,381,124
	<b>1,504,419</b>	2,974,181
Changes in working capital accounts		
Accounts receivable	<b>(2,243,906)</b>	786,708
Prepaid expenses	<b>(25,785)</b>	-
Accounts payable and accruals	<b>935,324</b>	312,857
Deferred revenue	<b>869,695</b>	(1,692,749)
Distributions due to minors	<b>(255,432)</b>	(413,688)
	<b>784,315</b>	1,967,309
<b>Financing activities</b>		
Advances of current portion of long-term debt	<b>466,290</b>	914,064
<b>Capital activities</b>		
Purchases of tangible capital assets	<b>(1,014,709)</b>	(1,946,828)
<b>Investing activities</b>		
Alexander First Nation 1905 Land Claim Settlement Trust	<b>(100,077)</b>	(1,401,305)
Band funds held in trust	<b>1,135,169</b>	(946,247)
	<b>1,035,092</b>	(2,347,552)
<b>Increase in cash resources</b>	<b>1,270,988</b>	(1,413,007)
<b>Cash resources, beginning of year</b>	<b>819,212</b>	2,232,219
<b>Cash resources, end of year</b>	<b>2,090,200</b>	819,212

**1. Significant accounting policies**

The consolidated financial statements of the Alexander First Nation ("the First Nation") are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada and are consistent with the accounting policies set out by the Department of Indigenous and Northern Affairs Canada. These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews. Significant aspects of the accounting policies adopted by the First Nation are as follows:

***Basis of presentation and revenue recognition***

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; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Unrestricted government transfers are recognized when they become receivable under the terms of the applicable funding agreements. Restricted government transfers are deferred and recognized as revenue in the period in which the resources are used for the purpose specified.

Oil and gas royalties are paid in trust to the Government of Canada on behalf of Alexander First Nation pursuant to the provisions of the Indian Oil and Gas Act and Regulations. This revenue is recognized in the accounts of Alexander First Nation when reported by the Government of Canada.

***Reporting entities consolidated***

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation business entities.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities:

- Alexander First Nation Industrial Relations Corporation
- Alexander Employment and Labour Services Ltd.
- 824750 Alberta Ltd. (o/a Alexander Forestry Services)
- Alexander First Nation Farm Enterprises
- 1905 Land Surrender Claim Trust ("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.

***Cash and cash equivalents***

Cash and cash equivalent 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.

***Tangible capital assets***

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

***Amortization***

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

	<b>Method</b>	<b>Rate</b>
Automotive Equipment	declining balance	30 %
Buildings	declining balance	4 %
Computers	declining balance	55 %
Equipment	declining balance	20 %
Furniture and fixtures	declining balance	20 %
Infrastructure	declining balance	4 %

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

***Long-lived assets and discontinued operations***

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

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

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and expenses that have been prepaid.

***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. Actual results may vary from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

Accounts receivable and advances and loans to members 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. Accruals related to government transfers from INAC and Health Canada are estimates based on the related funding agreement and actual expenses.

***Segments***

The First Nation conducts its business through 17 of reportable segments: Band Government, Public Works, Kipohtakawmik Lodge, Economic Development, Community Services, Housing, Amortization, Health, Social Services, Education Authority, Farm, Forestry, KMC, Employment and Labour Services, Industry Relations Corporation, 1905 Land Surrender Claim Trust, and Lands. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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.

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

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

***Financial instruments***

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The First Nation subsequently measures investments in equity is quoted in an active market, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

***INAC capital and revenue trust funds***

Funds held in trust on behalf of Nation 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 operating surplus. Trust moneys consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation capital assets, and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Statement of Remeasurement Gains and Losses***

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First Nation's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

**2. Cash**

	<b>2017</b>	<b>2016</b>
Externally restricted	<b>170,815</b>	158,935
Internally restricted	<b>740,840</b>	747,803
Unrestricted	<b>1,178,545</b>	(87,526)
	<b>2,090,200</b>	819,212

**Alexander First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**3. Accounts receivable**

	2017	2016
General	1,659,080	234,039
Indigenous and Northern Affairs Canada	827,866	-
Member receivables	3,739,782	3,802,988
Tax receivables	90,341	61,921
	<b>6,317,069</b>	4,098,948
Less: Allowance for doubtful accounts	<b>3,851,823</b>	3,877,608
	<b>2,465,246</b>	221,340

**4. INAC capital and revenue trust funds**

Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Council.

	2017	2016
<b>Capital Trust</b>		
Balance, beginning of year	2,938,984	2,076,266
Gas royalties	392,465	4,255,842
PCD expenses	-	(26,500)
	<b>3,331,449</b>	6,305,608
Less: Transfers to Nation	<b>1,794,800</b>	3,366,624
Balance, end of year	<b>1,536,649</b>	2,938,984
<b>Revenue Trust</b>		
Balance, beginning of year	187,076	103,548
Interest	63,836	111,007
Land leases	203,330	123,928
PCD expenses	-	(1,407)
	<b>454,242</b>	337,076
Less: Transfers to Nation	-	150,000
Balance, end of year	<b>454,242</b>	187,076
	<b>1,990,891</b>	3,126,060

**5. Accounts payable and accruals**

	2017	2016
Trade payables	2,611,278	1,670,160
Government remittances	44,224	50,018
	<b>2,655,502</b>	1,720,178

**Alexander First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**6. Deferred revenue**

	<b>2017</b>	<b>2016</b>
Indigenous and Northern Affairs Canada	<b>869,695</b>	-

**7. Long-term debt**

	<b>2017</b>	<b>2016</b>
CMHC mortgage repayable at \$1,241 monthly, including interest at 1.30%, due December 2020	<b>117,563</b>	130,841
CMHC mortgage repayable at \$1,275 monthly, including interest at 1.67%, due May 2017	<b>139,731</b>	152,589
CMHC mortgage repayable at \$1,668 monthly, including interest at 0.96%, due September 2021	<b>263,529</b>	279,847
CMHC mortgage repayable at \$1,100 monthly, including interest at 1.64%, due March 2022	<b>173,715</b>	183,989
CMHC mortgage repayable at \$11,958 monthly, including interest at 2.11%, due January 2019	<b>1,483,469</b>	1,594,596
CMHC mortgage repayable at \$1,508 monthly, including interest at 1.04%, due October 2020	<b>219,958</b>	235,686
CMHC mortgage repayable at \$2,075 monthly, including interest at 1.92%, due April 2019	<b>266,738</b>	286,338
CMHC mortgage repayable at \$2,082 monthly, including interest at 1.92%, due April 2019	<b>267,714</b>	287,386
CMHC mortgage repayable at \$1,229 monthly, including interest at 1.62%, due March 2018	<b>148,497</b>	160,740
CMHC mortgage repayable at \$1,701 monthly, including interest at 2.04%, due March 2019	<b>293,281</b>	307,594
CMHC mortgage repayable at \$3,804 monthly, including interest at 1.83%, due December 2019	<b>515,934</b>	551,842
CMHC mortgage repayable at \$3,171 monthly, including interest at 1.03%, due October 2021	<b>674,661</b>	704,209
CMHC mortgage repayable at \$3,518 monthly, including interest at 1.80%, due May 2017	<b>713,710</b>	742,869
CMHC mortgage repayable at \$3,372 monthly, including interest at 1.85%, due August 2019	<b>742,468</b>	769,009
CMHC mortgage repayable at \$3,057 monthly, including interest at 1.04%, due March 2021	<b>779,042</b>	807,500
CMHC mortgage repayable at \$3,072 monthly, including interest at 1.03%, due October 2021	<b>800,568</b>	588,035

**Alexander First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

	<b>2017</b>	<b>2016</b>
CMHC mortgage repayable at \$3,401 monthly, including interest at 1.44%, due February 2021	<b>854,474</b>	-
AIIC loan repayable at \$1,664 monthly, including interest at 9.25%, due June 2020	<b>55,825</b>	-
AIIC loan repayable at \$1,793 monthly, including interest at 9.25%, due September 2019	<b>46,429</b>	62,815
AIIC loan repayable at \$1,559 monthly, including interest at 9.25%, due September 2019	<b>40,370</b>	54,618
AIIC loan repayable at \$1,007 monthly, including interest at 9.25%, due August 2019	<b>26,075</b>	35,278
AIIC loan repayable at \$2,323 monthly, including interest at 9.25%, due August 2019	<b>60,164</b>	81,397
PHT Mortgage repayable at \$667 monthly, including interest at 3.95%, due June 2030	<b>82,873</b>	87,201
RBC Term Loan repayable at \$17,390 monthly, including interest at 4.18%, due September 2020	<b>706,646</b>	881,763
Vehicle lease, repaid during the year	-	16,797
PHT Mortgage, repaid during the year	-	4,205
	<b>9,473,434</b>	9,007,144

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

	Principal
2018	737,756
2019	758,858
2020	736,388
2021	638,057
2022	509,235
	<b>3,380,294</b>
Thereafter	6,093,140

Interest on long-term debt amounted to \$182,610 (2016 - \$202,104).

**8. Settlement Trust**

The purpose of the Trust is to manage the compensation received under the settlement agreement dated January 29, 2002. The settlement agreement resolves the loss of approximately 9.518 acres of Alexander Indian Reserve No. 134 on December 29, 1905. The agreement was approved by the membership of Alexander on April 5, 2002.

As part of the settlement a \$5,000 per capita distribution was paid from the proceeds. The Trust has an obligation to those members who were minors at the time of the settlement and distributes the per capita distribution plus interest at prime plus 1% when they turn 21 years of age.

The cost and market value of the investments held by the trust at December 31, 2016 was \$54,678,245 and \$56,474,084 (2015 - \$52,548,146 and \$54,578,170) respectively. Cumulative unrealized gains at December 31, 2016 is \$3,925,938.



**9. Reserves**

Under the terms of the agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited annually with agreed amounts. These funds, along with accumulated interest, must be held in a separate bank account, and invested in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal. At March 31, 2017 the replacement reserve was under funded by \$831,381 (2016 - under funded by \$736,384).

**10. Financial Instruments**

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Risk Management Policy***

The First Nation, as part of operations, has established risk management objectives such as avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the First Nation follows a risk management policy approved by Chief and Council.

***Credit Risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the First Nation's financial instruments best represents the maximum exposure to credit risk.

***Risk management***

The First Nation manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. Currently, the allowance for doubtful accounts is \$3,851,823 (2016 - \$3,877,608).

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate risk with respect to its long-term debt amounts (Note 7) which bear interest at rates agreed upon at the time of issuance.

***Liquidity Risk***

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First Nation enters into transactions to purchase goods and services on credit, and borrow funds from financial institutions or other creditors; for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the First Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturities of long-term debt are disclosed in Note 7.

The First Nation manages the liquidity risk resulting from its accounts payable and long-term debt by applying a technique of asset-liability management.

**11. Contingent liabilities**

Indigenous and Northern Affairs Canada (INAC) has demanded a compliance review of expenditures between the period of April 1, 2010 to March 31, 2016. The First Nation is of the opinion that all expenditures are eligible. Discussions with INAC are ongoing and no terms of possible repayment have been determined. Any liabilities resulting from this review will be accounted for as an expense at the time of resolution.

Government contributions related to the programs of Alexander First Nation entities are subject to conditions regarding the expenditure of funds. The accounting records are subject to audit by various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective agencies. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

**12. Correction of an error**

During the year, the First Nation determined that capital additions and offsetting debt had not been recorded in the March 31, 2016 financial statements. The impact of this correction has resulted in an increase in capital assets of \$267,217, increase of accumulated amortization of \$40,377, increase of debt of \$141,585 as at March 31, 2016 and a decrease of interest expense of \$125,632, and an increase in amortization expense of \$40,377 for the year ended March 31, 2016. The comparative figures have been restated to reflect these changes.

During the year, the First Nation determine that an outstanding liability with Ermineskin Loan Fund had not been recorded in the March 31, 2016 financial statements. The impact of this correction has resulting in an increase in liabilities of \$148,171 and a decrease in accumulated surplus of \$148,171. The comparative figures have been restated to reflect these changes.

**13. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.