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ALEXANDER FIRST NATION
Consolidated Financial Statements
Year Ended March 31, 2018

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**INDIGENOUS SERVICES
CANADA
AB Region - IM EDM OFFICE**

ALEXANDER FIRST NATION
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Year Ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Alexander First Nation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Alexander First Nation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfying themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited on behalf of the members by Kingston Ross Pasnak LLP, in accordance with Canadian public sector accounting standards.



Administrator

Morinville, AB
August 13, 2018



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ROSS
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August 21, 2018
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

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, 2018 and the consolidated statements of revenues and expenditures, changes in net financial debt, changes in accumulated surplus and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's 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 auditor's 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

The Nation owns a subsidiary that should be included in the consolidated financial statements and accounted for under the modified equity method. Complete and adequate records were not available as at the audit report date and, therefore, it has not been included in the consolidated financial statements. The exclusion of the subsidiary's records is a departure from Canadian public sector accounting standards. The effect of the exclusion of the subsidiary on the consolidated financial statements cannot be quantified, however the affected areas of the financial statements include Investments in business enterprises on the Statement of Financial Position and Investment income from business enterprises on the 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 Canadian public sector accounting standards 1201 that requires a budget be prepared and disclosed.

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Independent Auditor's Report to the Members of Alexander First Nation (continued)

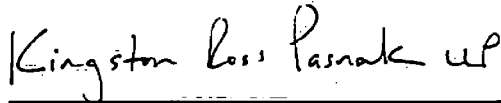
Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Alexander First Nation as at March 31, 2018 and the consolidated results of its operations and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of Alexander First Nation for the year ended March 31, 2017 were audited by another auditor who expressed a qualified opinion on the same basis as described above on June 6, 2018. In addition, the predecessor auditor expressed a qualified opinion due to the inclusion of the Nation's Land Surrender Claim ("LSC") Trust. This error has been corrected in the current year, as described below, and comparative information restated to account for the effect of the correction.

As part of our audit of the 2018 consolidated financial statements, we also audited the adjustments described in Note 2 that were applied to amend the 2017 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 consolidated financial statements of Alexander First Nation other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 consolidated financial statements taken as a whole.

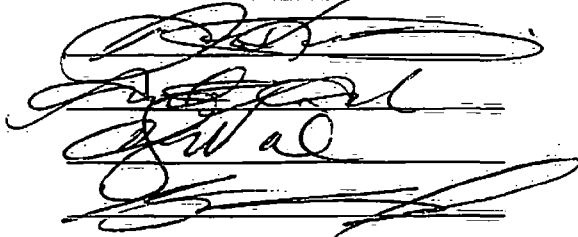



Kingston Ross Pasnak LLP
Chartered Professional Accountants

ALEXANDER FIRST NATION
Consolidated Statement of Financial Position
March 31, 2018

	2018	(Restated) 2017
FINANCIAL ASSETS		
Cash	\$ 1,238,311	\$ 1,147,206
Restricted cash and short term investments (Note 3)	464,592	202,154
Accounts receivable (Note 4)	2,718,608	2,465,246
Restricted capital and revenue trust funds (Note 5)	2,841,532	1,990,891
TOTAL FINANCIAL ASSETS	7,263,043	5,805,497
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	2,619,083	2,655,505
Deferred revenue (Note 7)	413,735	869,695
Long term debt (Note 8)	8,800,988	9,473,434
Obligation under capital lease (Note 9)	73,758	-
TOTAL FINANCIAL LIABILITIES	11,907,564	12,998,634
CONTINGENT LIABILITY (Note 10)		
NET FINANCIAL DEBT	(4,644,521)	(7,193,137)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	22,713,230	22,660,120
Prepaid expenses	37,411	25,785
	22,750,641	22,685,905
ACCUMULATED SURPLUS (Note 12)	\$ 18,106,117	\$ 15,492,769

ON BEHALF OF THE NATION

ALEXANDER FIRST NATION**Consolidated Statement of Revenues and Expenditures****Year Ended March 31, 2018**

	2018	(Restated) 2017
REVENUE		
Indigenous Services Canada		
Block funding	\$ 7,957,138	\$ 7,813,500
Fixed funding	2,434,264	1,402,346
Set funding	1,270,247	1,509,677
Grant funding	135,941	-
Contributions carried forward from prior year	869,695	-
Contributions carried forward to next year	(413,735)	(869,695)
Other revenue	2,890,594	2,661,340
Service Canada	340,977	294,570
Human Resources and Development grant	192,245	207,445
Health Canada	2,986,029	2,901,373
Canada Mortgage and Housing Corporation	1,847,643	1,148,672
Land Surrender Claim distributions	1,550,000	1,842,793
First Nation Development Fund Grants	644,731	662,986
Forestry revenue	384,252	325,809
Industry Relations Corporation revenue	848,524	540,036
Rental income	264,922	268,378
Province of Alberta	1,716,677	1,300,964
Capital and revenue trust funds	1,398,075	1,794,800
	27,318,219	23,804,994
EXPENSES		
Education Authority	6,456,987	5,747,664
Administration	5,840,875	5,269,063
Health	2,889,685	2,842,732
Housing	1,798,397	1,619,525
Public works	1,675,421	1,625,167
Social Services	1,679,649	1,421,545
Kipohtakawmik Lodge	1,642,912	1,547,874
Forestry	1,005,595	849,243
Employment and Labour Services	871,058	620,166
Industry Relations Corporation	727,720	440,794
Community Services	314,070	498,342
Farm	248,976	168,737
Lands	217,709	454,150
Economic Development	196,458	428,570
	25,565,512	23,533,572
SURPLUS FROM OPERATIONS	1,752,707	271,422
OTHER INCOME (EXPENSES)		
ISC band funds capital account income (Note 5)	\$ 2,044,833	\$ 392,466
ISC band funds revenue account income (Note 5)	203,883	267,166
Gain on disposal of tangible capital assets	10,000	-
Transfer of band funds to other departments	(1,398,075)	(1,794,800)
	860,641	(1,135,168)
SURPLUS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 2,613,348	\$ (863,746)

ALEXANDER FIRST NATION**Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2018**

	2018	(Restated) 2017
ACCUMULATED SURPLUS - BEGINNING OF YEAR		
As previously reported	15,492,769	66,766,925
Prior period adjustments <i>(Note 2)</i>	-	(50,410,410)
As restated	15,492,769	16,356,515
SURPLUS (DEFICIT) FOR THE YEAR	2,613,348	(863,746)
ACCUMULATED SURPLUS - END OF YEAR	\$ 18,106,117	\$ 15,492,769

ALEXANDER FIRST NATION**Consolidated Statement of Changes in Net Financial Debt****Year Ended March 31, 2018**

	2018	(Restated) 2017
<u>SURPLUS (DEFICIT) OF REVENUE OVER EXPENSES</u>	<u>\$ 2,613,348</u>	<u>\$ (863,746)</u>
Amortization of tangible capital assets	2,536,789	2,019,617
Purchase of tangible capital assets (Note 11)	(2,626,978)	(1,014,712)
Disposal of tangible capital assets	37,080	-
Acquisition of prepaid expenses	(11,626)	(25,785)
	(64,735)	979,120
DECREASE IN NET FINANCIAL DEBT	2,548,613	115,374
NET FINANCIAL DEBT - BEGINNING OF YEAR	(7,193,134)	(7,308,511)
NET FINANCIAL DEBT - END OF YEAR	\$ (4,644,521)	\$ (7,193,137)

ALEXANDER FIRST NATION
Consolidated Statement of Cash Flow
Year Ended March 31, 2018

	2018	(Restated) 2017
OPERATING ACTIVITIES		
Surplus (deficit) of revenue over expenses	\$ 2,613,348	\$ (863,746)
Items not affecting cash:		
Amortization of tangible capital assets	2,536,789	2,019,617
Restricted capital and revenue trust fund	(850,641)	1,135,169
Gain on disposal of tangible capital assets	(10,000)	-
	4,289,496	2,291,040
Changes in non-cash working capital:		
Accounts receivable	(253,362)	(2,243,906)
Accounts payable and accrued liabilities	(36,415)	935,326
Deferred revenue	(455,960)	869,695
Prepaid expenses	(11,626)	(25,785)
	(757,363)	(464,670)
Cash flow from operating activities	3,532,133	1,826,370
FINANCING ACTIVITIES		
Proceeds from long term financing	72,062	466,290
Repayment of long term debt	(744,505)	-
Repayment of obligations under capital lease	(34,411)	-
Cash flow (used by) from financing activities	(706,854)	466,290
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,481,736)	(1,014,709)
Disposal of tangible capital assets	10,000	-
	(2,471,736)	(1,014,709)
INCREASE IN CASH AND CASH EQUIVALENTS	353,543	1,277,951
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,349,360	71,409
CASH AND CASH EQUIVALENTS- END OF YEAR	1,702,903	1,349,360
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 1,238,311	\$ 1,147,206
Restricted cash and short term investments	464,592	202,154
	\$ 1,702,903	\$ 1,349,360

ALEXANDER FIRST NATION**Consolidated Schedule of Total Expenses by Object****(Schedule 1)****Year Ended March 31, 2018**

	2018	2017
Salaries and benefits	\$ 12,233,578	\$ 11,611,082
Amortization	2,536,789	2,019,617
Program expense	1,422,624	1,467,690
Professional fees	1,057,198	1,044,761
Subcontracts	994,060	829,022
Repairs and maintenance	899,346	479,640
Utilities	600,264	493,306
Travel	578,845	434,007
Training	450,910	282,050
Social assistance	442,641	391,556
Meeting	441,477	483,041
Co-managers fees	432,435	185,558
Materials	430,218	508,138
Tuition costs	415,104	455,275
Supplies	339,593	579,718
Insurance	227,931	167,285
Cultural events	215,832	92,355
Automotive	214,950	163,647
Office supplies	198,347	126,708
Water and wastewater	185,048	207,808
Interest on long-term debt	183,872	187,151
Consulting	163,665	136,526
Contracted services	131,931	42,445
Administration	121,083	175,878
Telephone	91,751	107,672
Band member assistance	85,209	199,054
Funeral	78,233	91,129
Crop share expense	76,408	74,283
Gas and fuel	64,144	57,813
Accreditation	60,124	41,140
Vehicle	41,859	49,874
Rent	33,088	59,506
Advertising	30,358	8,350
Bank charges and interest	28,994	34,181
Landfill fees	24,821	32,051
Bad debts	18,968	155,371
Interest on capital lease	6,698	-
Equipment lease	4,466	10,195
Parental and community	1,500	48,689
Capital projects	1,150	-
	\$ 25,565,512	\$ 23,533,572

ALEXANDER FIRST NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

Alexander First Nation ("the Nation") is committed to developing an effective governance structure to enhance the community services, culture, education, wellness and economic prosperity while retaining the Treaty Rights of Alexander First Nation members.

These consolidated financial statements reflect the financial assets, non-financial assets, liabilities, revenues and expenses of Alexander First Nation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Nation and its subsidiaries.

- 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

As a result, figures as at March 31, 2018 or for the years then ended include the financial position of those subsidiaries and the results of their operations for the years then ended. The results of operations of the subsidiaries are included in the consolidated financial statements from the respective dates of acquisition or incorporation.

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established for local governments recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies observed in the preparation of the consolidated financial statements are summarized below.

Revenue recognition

Funding received under the terms of agreements is recognized as revenue in the relevant funding period when the funding agreements are approved. Restricted contributions are recognized as revenue when the revenue is approved and the related expenditures are incurred. Restricted contributions which are not yet expended for the intended purpose are included in the consolidated statement of financial position as deferred revenue.

Oil and gas royalties in the restricted Capital and Revenue trust funds 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.

Income earned from oil and gas royalties in the restricted Capital and Revenue trust funds is also recognized when a Band Council Resolution requesting to withdraw the amounts from the respective trust fund account is approved. Approved withdrawals which are not yet expended for the intended purpose are included in the statement of financial position as deferred trust funds.

Other revenues, including Forestry and Industry Relations Corporation, are recognized when persuasive evidence of an arrangement exists, delivery of goods has occurred or services have been rendered, the selling price is fixed or determinable, and collection is reasonably assured. Revenue is measured at the fair value of the consideration received.

Rental and lease revenue are recognized when persuasive evidence of an agreement exists, services have been rendered, the selling price is fixed or determinable, and the collection is reasonably assured. Revenue is measured at the fair value of the consideration received.

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ALEXANDER FIRST NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Land Surrender Claim ("LSC") distributions are recognized on an annual basis in accordance with the Trust Agreement between the Trustee and the Nation. The Trust Agreement provides for a distribution of up to 50% of the Net Annual Income of the preceding year to fund the Nation's programs and services from 2003 to 2032.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year together with the excess of revenues over expenses and the change in trust funds provides the change in net financial assets for the year.

Short term investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase and less than twelve months, are carried at amortized cost.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Infrastructure	5%	declining balance method
Buildings	5%	declining balance method
Equipment	20%	declining balance method
Automotive equipment	30%	declining balance method
Computer	55%	declining balance method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

All additions made during the year are amortized at one half of the above rates.

Assets under capital leases

Assets under capital leases are stated at cost less accumulated amortization. Assets under capital leases are amortized over their estimated useful lives at the following rates and methods:

Automotive equipment	30%	declining balance method
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Assets under capital leases acquired during the year but not placed into use are not amortized until they are placed into use.

Pension expenditures

Alexander First Nation sponsors a defined contribution pension plan for certain employees. Under the plan the Nation matches the employee's contribution of 5% of earnings. During the year the Nation contributed \$253,508 (2017 - \$222,464) to the pension plan. The employer's portion of the payment is recorded as employee benefits in the period when the benefit is earned.

(continues)

ALEXANDER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, the Nation subsequently measures its financial instruments at amortized cost.

2. PRIOR PERIOD ADJUSTMENT

The prior year consolidated financial statements have been adjusted to reflect corrections made to the consolidated financial statements in regards to the Alexander First Nation 1905 Land Surrender Claim Trust.

The Alexander First Nation 1905 Land Surrender Claim Trust is not controlled by the Nation and therefore are not consolidated within the audited financial statements under Canadian public sector accounting standards. The prior period correction results in the following impact to opening balances: cash is reduced by \$740,840; Restricted investments - Land Surrender Claim is reduced by \$56,474,084; Distribution to minors liability is reduced by \$2,530,030; opening accumulated surplus is reduced by \$50,410,410; opening accumulated remeasurement gains reduced by \$3,925,938 with an impact to increase the overall deficit of the prior period consolidated financial statements by \$348,548.

Correction of these errors has affected the prior financial statements as follows:

	Financial Assets	Liabilities	Accumulated Surplus	Deficit
Balances previously stated	\$ 63,020,421	\$ 15,528,661	\$ 70,177,665	\$ (515,198)
To adjust for Land Surrender Claim net financial assets	(57,214,924)	(2,530,030)	(54,684,896)	(348,548)
	\$ 5,805,497	\$ 12,998,631	\$ 15,492,769	\$ (863,746)

ALEXANDER FIRST NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****3. RESTRICTED CASH AND SHORT TERM INVESTMENTS**

Included in restricted short-term investments are \$260,000 of Guaranteed Investment Certificates which bears interest at 0.50% and matures March 8, 2019. This short-term investment is required by Royal Bank of Canada as a result of deficient reporting under terms of the Nation's credit facilities. This balance is held as security for long-term debt as described in Note 8.

The balance of \$100,903 is held as restricted cash as an asset replacement reserves as required by various funding agencies, as well as a restricted short-term investments of \$57,350 Guaranteed Investment Certificate which bears interest at 1.50% and mature on August 10, 2018.

Also included in restricted short term investments are \$46,339 of Guaranteed Investment Certificates which bear interest at 0.45% and mature on April 1, 2018. These investments are held as security for the Canada Mortgage and Housing Corporation replacement reserves and the use of such investments is therefore restricted. The replacement reserve is under funded at year end as reflected in Note 14.

4. ACCOUNTS RECEIVABLE

	2018	2017
Member receivables	\$ 3,703,358	\$ 3,739,782
General	1,117,206	1,659,080
Capital trust funds	915,000	-
First Nations Development Fund	478,296	176,739
Indigenous Services Canada	241,513	651,127
Tax receivables	89,544	90,341
Revenue trust funds	25,514	-
	6,570,431	6,317,069
Allowance for doubtful accounts	(3,851,823)	(3,851,823)
	\$ 2,718,608	\$ 2,465,246

ALEXANDER FIRST NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****5. RESTRICTED CAPITAL AND REVENUE TRUST FUNDS**

Trust funds are considered restricted assets and are controlled directly by Indigenous Services Canada (ISC). The expenditure of trust funds is limited to purposes identified in the Indian Act. Information relating to the income earned in the trust fund accounts from oil and gas royalties, leases and rentals was obtained directly from Aboriginal Affairs and Northern Development Canada.

	2018	2017
Capital Trust		
Balance, beginning of year	\$ 1,536,649	\$ 2,938,984
Income from royalties	2,044,833	392,465
Transfer to Nation programs	(915,000)	(1,794,800)
	2,666,482	1,536,649
Revenue Trust		
Balance, beginning of year	454,242	187,076
Income from royalties and interest	203,883	267,166
Transfer to Nation programs	(483,075)	-
	175,050	454,242
	\$ 2,841,532	\$ 1,990,891

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	\$ 2,545,535	\$ 2,615,646
Government remittances	73,548	39,859
	\$ 2,619,083	\$ 2,655,505

7. DEFERRED REVENUE

	Opening balance	Contributions received	Revenue recognized	Ending balance
Indigenous Services Canada (ISC)	869,695	5,772,779	6,379,739	262,735
Health Canada - block funding	-	1,931,987	1,780,987	151,000
	\$ 869,695	\$ 7,704,766	\$ 8,160,726	\$ 413,735

Included in the ISC deferred revenue is \$247,410 for EIF2016 Fit-Up, \$13,825 for Planning Mtsa Infrastructure and \$1,500 for Special Needs funds.

ALEXANDER FIRST NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****8. LONG TERM DEBT**

	2018	2017
CMHC mortgage bearing interest at 2.11% per annum, repayable in monthly blended payments of \$11,958. The loan renews on January 1, 2019 and matures on November 1, 2028 and is secured by a ministerial guarantee.	\$ 1,370,060	\$ 1,483,469
CMHC mortgage bearing interest at 1.44% per annum, repayable in monthly blended payments of \$3,401. The loan renews on February 1, 2022 and matures on February 1, 2042 and is secured by a ministerial guarantee.	825,742	854,474
CMHC mortgage bearing interest at 1.03% per annum, repayable in monthly blended payments of \$3,072. The loan renews on October 1, 2021 and matures on October 1, 2041 and is secured by a ministerial guarantee.	771,794	800,568
CMHC mortgage bearing interest at 1.04% per annum, repayable in monthly blended payments of \$3,057. The loan renews on March 1, 2021 and matures on March 1, 2041 and is secured by a ministerial guarantee.	750,306	779,042
CMHC mortgage bearing interest at 1.85% per annum, repayable in monthly blended payments of \$3,372. The loan renews on August 1, 2019 and matures on August 1, 2035 and is secured by a ministerial guarantee.	715,467	742,468
CMHC mortgage bearing interest at 1.35% per annum, repayable in monthly blended payments of \$3,370. The loan renews on May 1, 2022 and matures on May 1, 2037 and is secured by a ministerial guarantee.	682,924	713,710
CMHC mortgage bearing interest at 1.03% per annum, repayable in monthly blended payments of \$3,171. The loan renews on October 1, 2021 and matures on October 1, 2036 and is secured by a ministerial guarantee.	643,399	674,661
RBC loan bearing interest at 4.18% per annum, repayable in monthly blended payments of \$17,390. The loan matures on October 1, 2019 and is secured by term deposits and/or guaranteed investment certificates in the amount of \$250,000 through a cash collateral agreement on the Bank's form 610.	524,065	706,646
CMHC mortgage bearing interest at 1.83% per annum, repayable in monthly blended payments of \$3,804. The loan renews on December 1, 2019 and matures on November 1, 2029 and is secured by a ministerial guarantee.	479,389	515,934
CMHC mortgage bearing interest at 2.04% per annum, repayable in monthly blended payments of \$1,701. The loan renews on March 1, 2019 and matures on March 1, 2034 and is secured by a ministerial guarantee.	278,688	293,281
CMHC mortgage bearing interest at 1.92% per annum, repayable in monthly blended payments of \$2,082. The loan renews on April 1, 2019 and matures on March 1, 2029 and is secured by a ministerial guarantee.	247,674	267,714

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ALEXANDER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

8. LONG TERM DEBT (continued)

	2018	2017
CMHC mortgage bearing interest at 1.92% per annum, repayable in monthly blended payments of \$2,075. The loan renews on April 1, 2019 and matures on March 1, 2029 and is secured by a ministerial guarantee.	246,771	266,738
CMHC mortgage bearing interest at 0.96% per annum, repayable in monthly blended payments of \$1,668. The loan renews on September 1, 2021 and matures on April 1, 2031 and is secured by a ministerial guarantee.	245,966	263,529
CMHC mortgage bearing interest at 1.04% per annum, repayable in monthly blended payments of \$1,508. The loan renews on October 1, 2020 and matures on March 1, 2030 and is secured by a ministerial guarantee.	204,071	219,958
CMHC mortgage bearing interest at 1.46% per annum, repayable in monthly blended payments of \$1,086. The loan renews on March 1, 2022 and matures on January 1, 2032 and is secured by a ministerial guarantee.	163,146	173,715
CMHC mortgage bearing interest at 2.41% per annum, repayable in monthly blended payments of \$1,276. The loan renews on April 1, 2023 and matures on March 1, 2028 and is secured by a ministerial guarantee.	136,061	148,497
CMHC mortgage bearing interest at 1.35% per annum, repayable in monthly blended payments of \$1,255. The loan renews on May 1, 2022 and matures on February 1, 2027 and is secured by a ministerial guarantee.	126,503	139,731
CMHC mortgage bearing interest at 1.30% per annum, repayable in monthly blended payments of \$1,241. The loan renews on December 1, 2020 and matures on July 1, 2025 and is secured by a ministerial guarantee.	104,117	117,563
PHT mortgage bearing interest at 3.95% per annum, repayable in monthly blended payments of \$667. The loan matures on June 1, 2020 and is secured by a ministerial guarantee.	76,976	82,873
AIIC loan bearing interest at 9.25% per annum, repayable in monthly blended payments of \$1,803. The loan matures on July 8, 2021 and is secured as described in the paragraph below.	62,045	-
AIIC loan bearing interest at 9.25% per annum, repayable in monthly blended payments of \$1,664. The loan matures on June 7, 2020 and is secured as described in the paragraph below.	39,564	55,825
AIIC loan bearing interest at 9.25% per annum, repayable in monthly blended payments of \$2,323. The loan matures on July 7, 2019 and is secured as described in the paragraph below.	36,946	60,164

(continues)

ALEXANDER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

8. LONG TERM DEBT (continued)

	2018	2017
AIIC loan bearing interest at 9.25% per annum, repayable in monthly blended payments of \$1,793. The loan matures on July 7, 2019 and is secured as described in the paragraph below.	28,511	46,429
AIIC loan bearing interest at 9.25% per annum, repayable in monthly blended payments of \$1,559. The loan matures on July 7, 2019 and is secured as described in the paragraph below.	24,791	40,370
AIIC loan bearing interest at 9.25% per annum, repayable in monthly blended payments of \$1,007. The loan matures on August 7, 2019 and is secured as described in the paragraph below.	16,012	26,075
	\$ 8,800,988	\$ 9,473,434

Principal repayment terms are approximately:

2019	\$ 772,314
2020	886,159
2021	575,837
2022	500,633
2023	501,426
Thereafter	<u>5,564,619</u>
	\$ 8,800,988

Interest on long-term debt amounted to \$175,996 (2017 - \$182,610) during the year.

As at March 31, 2018, Alexander First Nation has a demand, non-revolving line of credit for \$500,000, of which they have drawn \$216,474 in the form of the AIIC loans. There is \$283,526 available on the line of credit to draw.

The AIIC loans are secured by a General Security Agreement naming AIIC as having fixed first charges over assets with a carrying value of \$186,598 (2017 - \$201,515), and a Guarantee from the Nation in the amount of \$300,000, in full support of the Nation's bussing operation.

As at March 31, 2018, Alexander First Nation has a \$15,000 revolving demand facility for Letters of Guarantee (LG) with Royal Bank of Canada. The balance for this facility as at March 31, 2018 is \$15,000. The LG is secured by a cash collateral agreement on the Bank's form 610 for deposits and/or guaranteed investment certificates in the amount of \$15,000.

As at March 31, 2018 Alexander First Nation has VISA business card with a maximum amount of \$30,000 through Royal Bank of Canada, the balance drawn upon on this facility as at March 31, 2018 is \$nil.

Ministerial Loan Guarantees are used to build, purchase or renovate on-reserve housing. Section 89(1) of the Indian Act protects property on reserves so it cannot be mortgaged and used as collateral by a non-First Nation person. Indigenous Services Canada issues loan guarantees to lenders to secure on-reserve housing loans to minimize the risk in the event of a loan default.

ALEXANDER FIRST NATION**Notes to Consolidated Financial Statements****Year Ended March 31, 2018****9. OBLIGATION UNDER CAPITAL LEASE**

	2018	2017
Great West Chrysler Jeep lease bearing interest at 7.8% per annum, repayable in monthly blended payments of \$1,293. The lease matures on May 4, 2020 and is secured by a vehicle which has a carrying value of \$34,514.	\$ 29,746	\$ -
Great West Chrysler Jeep lease bearing interest at 7.8% per annum, repayable in monthly blended payments of \$1,293. The lease matures on May 4, 2020 and is secured by a vehicle which has a carrying value of \$34,514.	29,746	-
Great West Chrysler Jeep lease bearing interest at 7.8% per annum, repayable in monthly blended payments of \$1,150. The lease matures on April 6, 2020 and is secured by a vehicle which has a carrying value of \$42,827.	14,266	-
	<u>\$ 73,758</u>	<u>\$ -</u>

Interest on obligations under capital lease amounted to \$6,698 (2017 - \$nil) during the year.

Future minimum capital lease payments are approximately:

2019	\$ 41,628
2020	<u>32,130</u>
Total minimum lease payments	<u>\$ 73,758</u>

10. CONTINGENT LIABILITY

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.

As at March 31, 2018 Indigenous Services Canada (ISC) is conducting a compliance review of expenditures between the period of April 1, 2010 to March 31, 2016. Alexander First Nation is of the opinion that all expenditures incurred for the period mentioned above are eligible. Resolution of the compliance review is still ongoing and no terms or possible impact has been determined. Any liabilities, if any, resulting from this review will be recorded as an expense at the time of the resolution.

Peace Hills Trust (PHT) provides Section 10 loans to individuals of the Nation, which are paid by the members of the Nation and are secured by Ministerial Loan Guarantees (MLG). The occurrence of confirming default on the Section 10 mortgages by individuals of the Nation is undeterminable. The balance for Section 10 mortgages provided by PHT as at March 31, 2018 is \$250,071.

The Nation is named as a defendant in ongoing legal proceedings with certain members of the Nation. The total amount of claim is in excess of \$79,696; however, the outcome and loss, if any, is unknown.

ALEXANDER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

11. TANGIBLE CAPITAL ASSETS

COST	2017 Balance	Additions	Disposals	2018 Balance
Infrastructure	\$ 27,441,966	\$ -	\$ -	\$ 27,441,966
Buildings	17,907,825	2,215,590	-	20,123,415
Equipment	1,203,957	13,054	66,280	1,150,731
Automotive equipment	1,656,742	376,931	88,660	1,945,013
Computer	50,345	21,407	-	71,752
	\$ 48,260,835	\$ 2,626,982	\$ 154,940	\$ 50,732,877

ACCUMULATED AMORTIZATION	2017 Balance	Amortization	Accumulated Amortization on Disposals	2018 Balance
Infrastructure	\$ 16,858,797	\$ 1,344,613	\$ -	\$ 18,203,411
Buildings	6,290,021	885,101	-	7,171,728
Equipment	1,051,036	59,125	29,200	1,085,081
Motor vehicles	1,347,915	240,913	88,660	1,503,562
Computer equipment	48,829	7,037	-	55,866
	\$ 25,596,598	\$ 2,536,789	\$ 117,860	\$ 28,019,648

NET BOOK VALUE	2018	2017
Infrastructure	\$ 9,238,555	\$ 10,583,169
Buildings	12,951,687	11,617,804
Equipment	65,651	148,801
Automotive equipment	441,451	308,827
Computer	15,886	1,516
	\$ 22,713,230	\$ 22,660,117

12. ACCUMULATED SURPLUS

	2018	2017
Unrestricted surplus	\$ 1,426,101	\$ 315,195
Equity in trust funds	2,841,532	1,990,891
Equity in tangible capital assets	13,838,484	13,186,683
	\$ 18,106,117	\$ 15,492,769

13. RELATED PARTY TRANSACTIONS

During the year, Alexander First Nation entered into transactions with its own entities. These transactions are in the normal course of operations and have been recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties. Any transactions with consolidated subsidiaries have been eliminated.

ALEXANDER FIRST NATION
Notes to Consolidated Financial Statements
Year Ended March 31, 2018

14. RESERVE

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, 2018, the replacement reserve was under funded by \$801,155 (2017 - \$831,381).

15. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2018. Unless otherwise noted, the company's risk exposure has not changed from the prior year.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Nation is exposed to credit risk from other revenue. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The significant annual funding received from the Government of Canada minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Nation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

(c) 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. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through its normal operating and financing activities. The Nation is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

16. SEGMENT INFORMATION

The Nation provides a wide range of services to its members. Services are delivered through a number of different programs and departments. Identified segments are defined by Alexander First Nation for which separate financial information is available and is evaluated regularly by Chief and Council and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in Note 1.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.