

**Tallcree First Nation**  
**Consolidated Financial Statements**  
*March 31, 2018*

# Tallcree First Nation Contents

For the year ended March 31, 2018

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# Tallcree First Nation

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## **Management's Responsibility**

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To the Members of Tallcree First Nation:

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

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

July 26, 2018

**ORIGINAL SIGNED BY:** \_\_\_\_\_

Band Manager

## Independent Auditors' Report

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To the Members of Tallcree First Nation:

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

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

Leduc, Alberta

July 26, 2018

*MNP LLP*

Chartered Professional Accountants



## **Tallcree Tribal Government**

P.O. Box 100  
Fort Vermilion, Alberta  
T0H 1N0  
Phone: 780 927-3727  
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Approved at a meeting of Chief and Council on July 26, 2018

**ORIGINAL SIGNED BY:**

Chief Rupert Meneen

**ORIGINAL SIGNED BY:**

Councilor George Meneen

**ORIGINAL SIGNED BY:**

Councilor David Bow Noskiye

**ORIGINAL SIGNED BY:**

Councilor Duane Auger

**ORIGINAL SIGNED BY:**

Councilor Kathleen Auger

**Tallcree First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash and cash equivalents	<b>10,744,929</b>	2,358,166
Accounts receivable (Note 5)	<b>1,665,159</b>	1,895,395
	<b>12,410,088</b>	4,253,561
<b>Investment in First Nation partnerships (Note 6)</b>	<b>4,804,101</b>	2,221,421
<b>Investment in First Nation business entities (Note 6)</b>	<b>809,062</b>	854,960
<b>Funds held in trust (Note 7)</b>	<b>8,162,733</b>	8,143,516
<b>Investment in UFA equity</b>	<b>28,306</b>	28,893
<b>Total financial assets</b>	<b>26,214,290</b>	15,502,351
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	<b>843,385</b>	1,962,329
Deferred revenue (Note 9)	<b>3,750,627</b>	164,180
	<b>4,594,012</b>	2,126,509
Term loans due on demand (Note 10)	<b>1,443,730</b>	1,582,874
	<b>6,037,742</b>	3,709,383
<b>Advances payable (Note 11)</b>	<b>450,000</b>	450,000
<b>Total liabilities</b>	<b>6,487,742</b>	4,159,383
<b>Net financial assets</b>	<b>19,726,548</b>	11,342,968
<b>Contingencies (Note 12)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 13) (Schedule 1)	<b>32,681,276</b>	30,308,103
Prepaid expenses	<b>54,575</b>	46,281
<b>Total non-financial assets</b>	<b>32,735,851</b>	30,354,384
<b>Accumulated surplus (Note 14)</b>	<b>52,462,399</b>	41,697,352

**Tallcree First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2018*

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>				
Indigenous Services Canada		31,776,410	16,421,464	12,773,664
Health Canada		1,124,358	1,205,983	1,224,364
Employment and Social Development Canada		336,665	334,466	319,786
		33,237,433	17,961,913	14,317,814
Government of Alberta		400,000	3,597,604	-
Capital revenue		-	1,092,705	776,615
First Nations Development Fund		600,000	531,977	541,766
Other revenue		41,300	276,416	518,042
First Nation Student Success Program		-	157,294	78,054
Consultation funding		-	135,000	145,000
Trust funds (Note 7)		326,000	46,773	356,823
User fees		-	29,000	32,705
Rental income		-	23,818	42,500
Investment income		-	62	262
Treaty 8 First Nations of Alberta		-	-	26,842
Deferred revenue - prior year (Note 9)		164,480	164,180	188,807
Deferred revenue - current year (Note 9)		-	(3,750,627)	(164,180)
		34,769,213	20,266,115	16,861,050
<b>Expenses</b>				
Administration	3	1,883,400	1,660,858	1,497,979
Economic Development	4	68,752	69,530	36,386
Community Services	5	1,308,000	2,896,334	2,199,676
Housing	6	438,000	800,362	744,398
Social Services	7	1,032,700	1,024,888	974,330
Education	8	3,549,628	3,543,262	3,393,094
Post Secondary Education	9	210,704	229,832	217,805
Human Resources Development	10	336,665	531,994	477,679
Health	11	1,088,848	1,147,551	1,055,842
First Nations Development Fund	12	-	281,529	296,352
Equity Funds	13	-	(2,721,113)	(959,095)
Forest Resource Improvement Association of Alberta	14	-	-	215,870
Alberta Future Leaders	15	37,284	36,041	35,896
<b>Total expenses</b>		<b>9,953,981</b>	<b>9,501,068</b>	<b>10,186,212</b>
<b>Surplus before other items</b>		<b>24,815,232</b>	<b>10,765,047</b>	<b>6,674,838</b>

*Continued on next page*

**Tallcree First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2018*

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
<b>Surplus before other items</b> <i>(Continued from previous page)</i>	<b>24,815,232</b>	<b>10,765,047</b>	6,674,838
<b>Other expenses</b>			
Loss on disposal of tangible capital assets	-	-	(23,777)
<b>Surplus before transfers</b>	<b>24,815,232</b>	<b>10,765,047</b>	6,651,061
<b>Transfers between programs</b>			
Transfer from Health	(35,510)	-	-
Transfer from Education	(100,000)	-	-
Capitalized transfer from Community Services	-	-	16,075
Transfer from Post Secondary Education	(24,000)	-	-
	<b>(159,510)</b>	<b>-</b>	16,075
<b>Surplus</b>	<b>24,655,722</b>	<b>10,765,047</b>	6,667,136
<b>Accumulated surplus, beginning of year</b>	<b>41,697,352</b>	<b>41,697,352</b>	35,030,216
<b>Accumulated surplus, end of year</b> <i>(Note 14)</i>	<b>66,353,074</b>	<b>52,462,399</b>	41,697,352



**Tallcree First Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2018*

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
<b>Surplus</b>	<b>24,655,722</b>	<b>10,765,047</b>	6,667,136
Purchases of tangible capital assets	(25,654,615)	(4,388,383)	(5,504,789)
Amortization of tangible capital assets	40,000	2,015,210	1,774,782
Writedown of tangible capital assets	-	-	23,777
Proceeds of disposal of tangible capital assets	-	-	119,000
Change in prepaid expenses	-	(8,294)	25,849
<b>Increase in net financial assets</b>	<b>(958,893)</b>	<b>8,383,580</b>	3,105,755
<b>Net financial assets, beginning of year</b>	<b>11,342,968</b>	<b>11,342,968</b>	8,237,213
<b>Net financial assets, end of year</b>	<b>10,384,075</b>	<b>19,726,548</b>	11,342,968

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

**Tallcree First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	<b>24,083,386</b>	15,735,730
Cash paid to suppliers	<b>(5,253,655)</b>	(4,566,802)
Cash paid to employees	<b>(4,431,143)</b>	(3,980,494)
Interest paid	<b>(76,963)</b>	(51,590)
Social assistance paid	<b>(732,137)</b>	(713,347)
	<b>13,589,488</b>	6,423,497
<b>Financing activities</b>		
Advances of term loans due on demand	-	782,874
Repayment of term loans due on demand	<b>(139,144)</b>	(233,000)
Repayment of long-term debt	-	(763,245)
Repayment on bank indebtedness	-	(458,121)
Net repayment of advances from related entities	<b>165,214</b>	133,000
	<b>26,070</b>	(538,492)
<b>Capital activities</b>		
Purchases of tangible capital assets	<b>(5,228,795)</b>	(4,189,655)
Proceeds of disposal of tangible capital assets	-	119,000
	<b>(5,228,795)</b>	(4,070,655)
<b>Increase in cash resources</b>	<b>8,386,763</b>	1,814,350
<b>Cash resources, beginning of year</b>	<b>2,358,166</b>	543,816
<b>Cash resources, end of year</b>	<b>10,744,929</b>	2,358,166

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

# Tallcree First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2018*

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### 1. Operations

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

### 2. Significant accounting policies

The consolidated financial statements 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 Services Canada ("ISC"). Significant aspects of the accounting policies adopted by the First Nation are as follows:

#### **Reporting entity**

Tallcree First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

Tallcree First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method, as outlined in Note 6. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

#### **Basis of presentation**

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; 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.

#### **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 prepaid expenses.

Prepaid expenses included in non-financial assets include deposits on tangible capital assets and payment for services that have not been provided as of year end.

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The First Nation holds works of art and historical treasures of a cultural value, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property. The cost of the tangible capital assets are amortized over their expected useful life using the following methods and rates:

	Method	Rate
Buildings and infrastructure	straight-line	5-30 years
Buildings and infrastructure	declining balance	4 %
Band housing	straight-line	25-40 years
General equipment	straight-line	5-15 years
General equipment	declining balance	20 %
Automotive equipment	straight-line	2-10 years
Automotive equipment	declining balance	30 %
Computer equipment	straight-line	3 years
Computer equipment	declining balance	30 %

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

***Long-lived assets***

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

The First 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. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

***Net financial assets***

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

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Included in cash are designated funds in the amount of \$7,456,992 (2017 - \$1,846,821) that may only be used for the purpose of funding specific capital projects and cannot be used for any other purpose. The funds represent the unexpended portion of fixed funding received from Indigenous Services Canada which can be found in Note 14.

***Revenue recognition***

**Government transfers**

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

**Capital revenue**

Capital revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured. Internal contracting revenue is received when the work has been completed related to the project being worked on.

**Other revenue**

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured.

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

***Measurement uncertainty (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. Employee advances receivable are based on estimates of the reasonable collection of balances from both existing and prior employees. Amounts due from First Nation members and investments in First Nation business enterprises are stated after evaluation as to their collectability and recoverability and an appropriate allowance for impairment is provided where considered necessary. Deferred revenue is based upon estimates of unexpended amounts and amounts required to complete specific projects. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in income in the periods in which they become known.

***Segments***

The First Nation conducts its business through 13 reportable segments: Administration, Economic Development, Community Services, Housing, Social Services, Education, Post Secondary Education, Human Resources Development, Health, First Nations Development Fund, Equity Funds, Forest Resource Improvement Association of Alberta, and Alberta Future Leaders. 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. Administration fees have been apportioned based on a percentage of budgeted revenue where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed above. Inter-segment transfers are recorded at their exchange amount.

***Liability for contaminated sites***

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

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

At year-end there was no liability for contaminated sites.

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**3. Change in accounting policies**

Effective April 1, 2017, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Standards Handbook:

- PS 2200 *Related Party Disclosures*
- PS 3420 *Inter-entity Transactions*
- PS 3210 *Assets*
- PS 3320 *Contingent Assets*
- PS 3380 *Contractual Rights*

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

**4. Related party transactions**

- a) The First Nation has, primarily in prior years, advanced funds to First Nation members and employees of \$480,629 (2017 - \$467,558). These advances are repayable based on terms set when the advances are made. As there is currently no process in place to collect amounts that have been advanced to non-staff First Nation members, amounts have been offset by an allowance for impaired accounts of \$463,505 (2017 - \$463,505).
- b) In order to take advantage of bulk purchase discounts and minimize delivery charges, the First Nation purchases heating fuel in bulk on behalf of employees. These purchases are repayable through payroll withholdings in subsequent periods. Receivables from employees at the year-end total \$10,725 (2017 - \$11,807).
- c) Advances to and from First Nation owned entities, as detailed in Note 6, have no specified interest terms, and therefore no interest revenue or expense has been recorded on the advances.
- d) During the year, purchases were made by the First Nation that were subsequently reimbursed from Tallcree Wildland Limited Partnership totaling \$46,963 (2017 - \$41,198).
- e) During the year, no equipment was rented by the First Nation from Tallcree Wildland Firefighters Limited Partnership (2017 - \$186,059).
- f) Included in accounts receivable is \$12,600 (2017 - nil) due from related parties of the First Nation.
- g) Included in accounts payable is \$186,604 (2017 - \$188,021) due to related parties of the First Nation.

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**5. Accounts receivable**

	<b>2018</b>	<b>2017</b>
Indigenous Services Canada	<b>96,801</b>	833,562
Trade receivables	<b>519,558</b>	251,914
First Nations Development Fund	<b>492,603</b>	321,062
Interest receivable	<b>518,838</b>	472,064
Employee advances (net of allowance for doubtful accounts)	<b>27,848</b>	15,859
Employment and Social Development Canada	<b>9,511</b>	934
	<b>1,665,159</b>	1,895,395

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Investments in First Nation partnerships and business entities**

As indicated in Note 2, the First Nation records its investments in government business enterprises and partnerships using the modified equity method. The First Nation has investments in the following government business enterprises and partnerships:

					2018
	<i>Investment cost</i>	<i>Advances to (from)</i>	<i>Accumulated earnings in equity</i>	<i>Current earnings (loss) in equity</i>	<i>Total investment</i>
<b>Wholly-owned Businesses:</b>					
Tallcree Wildland (GP) Ltd.	100	(100)	(2,139)	(713)	(2,852)
Netaskinan Development (GP) Ltd.	100	(100)	(2,250)	(765)	(3,015)
Netaskinan Contracting (GP) Ltd.	100	(100)	-	(796)	(796)
Tipeemso Development (GP) Ltd.	100	(100)	(2,250)	(750)	(3,000)
Tallcree Service Centre	100	860,376	(19,639)	(23,624)	817,213
Netaskinan Development Corporation	20	15,562	(16,977)	-	(1,395)
418318 Alberta Ltd.	1	2,906	-	-	2,907
	<b>521</b>	<b>878,444</b>	<b>(43,255)</b>	<b>(26,648)</b>	<b>809,062</b>
<b>Partnerships:</b>					
Tallcree Wildland Limited Partnership	100	964,176	1,109,339	367,938	2,441,553
Netaskinan Development Limited Partnership	100	(100)	(2,250)	2,787,566	2,785,316
Netaskinan Contracting Limited Partnership	100	(145,214)	-	(426,960)	(572,074)
Tipeemso Development Limited Partnership	100	152,206	(2,250)	(750)	149,306
	<b>400</b>	<b>971,068</b>	<b>1,104,839</b>	<b>2,727,794</b>	<b>4,804,101</b>
	<b>921</b>	<b>1,849,512</b>	<b>1,061,584</b>	<b>2,701,146</b>	<b>5,613,163</b>

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

					2017
	<i>Investment cost</i>	<i>Advances to (from)</i>	<i>Accumulated earnings in equity</i>	<i>Current earnings (loss) in equity</i>	<i>Total investment</i>
<b>Wholly-owned Businesses:</b>					
Tallcree Wildland (GP) Ltd.	100	(100)	(1,468)	(671)	(2,139)
Netaskinan Development (GP) Ltd.	100	(100)	(1,500)	(750)	(2,250)
Tipeemso Development (GP) Ltd.	100	(100)	(1,500)	(750)	(2,250)
Tallcree Service Centre Ltd.	100	880,376	(122,832)	103,193	860,837
Tallcree Wildland Inc.	3	270,803	(270,806)	(750)	(750)
418318 Alberta Ltd.	1	2,906	-	-	2,907
Netaskinan Development Corporation	20	15,562	(16,977)	-	(1,395)
	424	1,169,347	(415,083)	100,272	854,960
<b>Partnerships:</b>					
Tallcree Wildland Limited Partnership	100	964,176	323,682	785,657	2,073,615
Netaskinan Development Limited Partnership	100	(100)	(1,500)	(750)	(2,250)
Tipeemso Development Limited Partnership	100	152,206	(1,500)	(750)	150,056
	300	1,116,282	320,682	784,157	2,221,421
	724	2,285,629	(94,401)	884,429	3,076,381

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**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

The First Nation's investments in Tallcree Wildland Limited Partnership, Netaskinan Development Limited Partnership, Netaskinan Contracting Limited Partnership, and Tipeemso Development Limited Partnership were established for the purposes of segregating operations related to firefighting, contract work, forestry and timber royalties, and property development.

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i><b>Tallcree Wildland Limited Partnership As at March 31, 2018</b></i>	<i><b>Netaskinan Development Limited Partnership As at March 31, 2018</b></i>	<i><b>Netaskinan Contracting Limited Partnership As at March 31, 2018</b></i>	<i><b>Tipeemso Development Limited Partnership As at March 31, 2018</b></i>
<b>Assets</b>				
Cash	883,415	-	-	-
Accounts receivable	71,529	2,792,926	1,369,579	-
Prepays	10,000	-	-	-
Due from related parties	15,860	-	144,689	-
Property and equipment	1,311,077	-	724,260	1,500,000
<b>Total assets</b>	<b>2,291,881</b>	<b>2,792,926</b>	<b>2,238,528</b>	<b>1,500,000</b>
<b>Liabilities</b>				
Accounts payable and accruals	33,444	750	2,489,064	750
Due to related parties	781,140	2,944,650	8,238	1,502,150
Long-term debt	-	-	168,086	-
<b>Total liabilities</b>	<b>814,584</b>	<b>2,945,400</b>	<b>2,665,388</b>	<b>1,502,900</b>
<b>Accumulated surplus (deficit)</b>	<b>1,477,297</b>	<b>(152,474)</b>	<b>(426,860)</b>	<b>(2,900)</b>
<b>Total revenue</b>	<b>2,058,104</b>	<b>2,792,926</b>	<b>4,055,501</b>	<b>-</b>
<b>Total expenses</b>	<b>1,690,166</b>	<b>5,360</b>	<b>4,482,461</b>	<b>750</b>
<b>Net income (loss), being comprehensive income (loss)</b>	<b>367,938</b>	<b>2,787,566</b>	<b>(426,960)</b>	<b>(750)</b>

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**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

Summary financial information for each First Nation business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Tallcree Service Centre Inc. As at March 31, 2018</i>	<i>Tallcree Wildland (GP) Ltd. As at March 31, 2018</i>	<i>Netaskinan Development (GP) Ltd. As at March 31, 2018</i>	<i>Netaskinan Contracting (GP) Ltd. As at March 31, 2018</i>
<b>Assets</b>				
Cash	131,545	-	-	-
Accounts receivable	-	1	-	-
Due from related parties	8,238	100	100	100
Property and equipment	701,334	-	-	-
<b>Total assets</b>	<b>841,117</b>	<b>101</b>	<b>100</b>	<b>100</b>
<b>Liabilities</b>				
Accounts payable and accruals	2,000	750	750	750
Due to related parties	860,377	2,103	2,266	46
<b>Total liabilities</b>	<b>862,377</b>	<b>2,853</b>	<b>3,016</b>	<b>796</b>
<b>Accumulated surplus (deficit)</b>	<b>(21,260)</b>	<b>(2,752)</b>	<b>(2,916)</b>	<b>(696)</b>
<b>Total revenue</b>	<b>183,370</b>	<b>37</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>206,994</b>	<b>750</b>	<b>765</b>	<b>796</b>
<b>Net income (loss), being comprehensive income (loss)</b>	<b>(23,624)</b>	<b>(713)</b>	<b>(765)</b>	<b>(796)</b>

	<i>Tipeemso Development (GP) Ltd. As at March 31, 2018</i>	<i>418318 Alberta Ltd. As at March 31, 2018</i>	<i>Netaskinan Development Corporation As at March 31, 2018</i>
<b>Assets</b>			
Cash	-	-	1,106
Accounts receivable	-	-	-
Due from related parties	100	-	-
Property and equipment	-	-	-
<b>Total assets</b>	<b>100</b>	<b>-</b>	<b>1,106</b>
<b>Liabilities</b>			
Accounts payable and accruals	750	-	750
Due to related parties	2,250	2,906	16,312
<b>Total liabilities</b>	<b>3,000</b>	<b>2,906</b>	<b>17,062</b>
<b>Accumulated surplus (deficit)</b>	<b>(2,900)</b>	<b>(2,906)</b>	<b>(15,956)</b>
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>750</b>	<b>-</b>	<b>-</b>
<b>Net income (loss), being comprehensive income (loss)</b>	<b>(750)</b>	<b>-</b>	<b>-</b>

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

During the year, Tallcree Wildland Inc., a wholly owned business of the First Nation was closed and dissolved. As a result of the dissolution the advances to Tallcree Wildland Inc. totaling \$270,804 were netted against the deficit in the investment resulting in no impact on the operations or accumulated surplus of the First Nation. The dissolution was recorded on a non-cash basis and is therefore excluded from the statement of cash flows.

The First Nation has guaranteed the following debt on behalf of its First Nation business enterprise:

Netaskinan Contracting Limited Partnership has the following long-term debt which the First Nation has issued a guarantee for repayment:

- Wells Fargo Equipment Finance loan bearing interest at 7.95% maturing December 23, 2019 payable in monthly blended instalments of \$8,989, secured by equipment and vehicles with a net book value of \$173,550. The First Nation has guaranteed \$168,086 of this long-term debt. Payment under this guarantee, which will remain in place until December 23, 2019, is required if Netaskinan Contracting Limited Partnership defaults on the obligation. Annual repayment in the next two fiscal years are as follows:

2019	98,029
2020	70,057

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**7. Funds held in trust**

Funds held in trust on behalf of the First Nation members by the Government of Canada and Bank of Montreal are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Funds held in trust consist of capital trust moneys derived from non-renewable resource transactions on the sale of land of other First Nation capital assets, revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust, and land entitlement trust funds.

Per the terms of the Land Entitlement Trust Agreement a minimum of 15% of the net revenue derived by the trust must be capitalized and retained with the trust. The remaining 85% of the net revenue, after payment of the trustee administration fees, may be transferred to the First Nation.

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

	<b>2018</b>	<b>2017</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>1,465</b>	1,465
<b>Revenue Trust</b>		
Balance, beginning of year	<b>122,539</b>	110,754
Interest	<b>10,963</b>	11,785
	<b>133,502</b>	122,539
<b>Land Entitlement Trust</b>		
Balance, beginning of year	<b>8,019,512</b>	7,956,131
Interest	<b>55,027</b>	419,204
Management fees	<b>-</b>	500
	<b>8,074,539</b>	8,375,835
Less: Transfers to Nation	<b>46,773</b>	356,323
Balance, end of year	<b>8,027,766</b>	8,019,512
	<b>8,162,733</b>	8,143,516

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**8. Bank indebtedness**

At March 31, 2018, the First Nation had not drawn upon their line of credit (2017 - \$nil). The line of credit has a limit of \$300,000 bearing interest at prime plus 3%. The line of credit is secured by an assignment of ISC and Health Canada funding and a general security agreement. As at March 31, 2018 prime rate was 3.45% (2017 - 2.70%).

**9. Deferred revenue**

Deferred revenue consists of revenue that has not yet been allocated to projects, revenue that has been allocated to projects to be carried out in future years, and the unexpended portion of revenue on projects in progress at March 31, 2018.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Revenue received</i>	<i>Transferred to revenue</i>	<i>Balance, end of year</i>
First Nations Development Fund	-	531,977	531,977	-
Government of Alberta - Building Collaboration and Capacity in Education	164,180	90,535	-	254,715
Government of Alberta - South Tallcree School project	-	3,297,604	-	3,297,604
Government of Alberta - Pellet Mill feasibility project	-	300,000	101,692	198,308
	<b>164,180</b>	<b>4,220,116</b>	<b>633,669</b>	<b>3,750,627</b>

Deferred revenue represents the liability that the First Nation has to either perform additional work on a particular project or repay the revenue to the funding body.

**10. Term loans due on demand**

	<b>2018</b>	<b>2017</b>
Bank of Montreal demand loan bearing interest at prime plus 1%, requiring monthly interest only payments until expiry of the term in September 2024. The loan is secured by an assignment of fire insurance on the housing units built with the loan funds.	<b>700,000</b>	800,000
Bank of Montreal demand loan bearing interest at prime plus 1%, requiring monthly interest only payments until expiry of the term in August 2025.	<b>743,730</b>	782,874
	<b>1,443,730</b>	<b>1,582,874</b>

As at March 31, 2018, the Bank of Montreal prime rate was 3.45% (2017 - 2.70%).

**11. Advances payable**

Toyma Capital Inc. entered into a Joint Venture with Tallcree First Nation and Tipeemso Development Corporation in November 2007 with respect to commercial development opportunities, including but not limited to the "Widewater Property". The balance of \$450,000 was advanced to Tallcree First Nation. The balance will be reduced as Tallcree First Nation earns their share of future profits from the development. There are no set terms of repayment on the advances at this time.

**12. Contingencies**

As at March 31, 2018, the First Nation is contingently liable for a \$300,000 (2017 - \$300,000) letter of credit issued to a contractor of the First Nation. The letter of credit will remain in place until such time as the contractor's services are complete and they are paid for the services provided to the First Nation. In the event of default of payment by the First Nation the contractor can access these funds guaranteed by the First Nation. As at March 31, 2018, no liability has been recorded associated with this letter of credit.

The First Nation is working with representatives from ISC to identify and quantify the cost of remediation for certain sites, if any, that are potentially environmentally contaminated. At the year-end, the number of sites, estimated costs of remediation, and estimated recovery of the associated costs from ISC are unknown and cannot be reasonably estimated. As a result, no liability for the potential remediation of these sites has been recorded.

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

**13. Tangible capital assets**

The tangible capital assets details are included in Schedule 1.

Construction in progress includes the South Tallcree school feasibility study and design, a waste transfer station feasibility and design project, the South Tallcree access road project, and a new fire hall with a carrying value of \$1,626,792 (2017 - \$3,512,174). Additions to Construction in progress in the year total \$142,727 (2017 - \$3,058,019). Construction in progress in the prior year that remains in progress at the end of the current year totaled \$1,484,065 (2017 - \$454,155). Construction in progress projects from the prior year were transferred to tangible capital assets in the current year total \$2,028,109 (2017 - nil). No amortization on these assets has been recorded during the year because they are currently under construction.

Costs related to the acquisition of tangible capital assets of \$494,722 (2017 - \$1,335,134) are included in accounts payable at March 31, 2018, and are therefore not included on the consolidated statement of cash flows.

The First Nation did not receive any contributed assets (2017 - nil) in the year.

**Tallcree First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**14. Accumulated surplus**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b>2018</b>	<b>2017</b>
Unrestricted surplus	<b>2,444,444</b>	2,754,861
Internally restricted surplus - Post Secondary	<b>1,665</b>	5,889
Internally restricted surplus - Economic Development	<b>244</b>	1,022
Internally restricted surplus - Education	<b>45,921</b>	62,166
Internally restricted surplus - Community Services	<b>7,409,162</b>	1,777,744
Restricted surplus - trusts	<b>8,162,733</b>	8,143,516
Restricted surplus - enterprise	<b>2,416,954</b>	(555,945)
Equity in tangible capital assets	<b>31,981,276</b>	29,508,099
	<b>52,462,399</b>	41,697,352

Under the funding agreement with Indigenous Services Canada, surpluses in programs which receive fixed funding must be tracked.

The internally restricted surpluses from March 31, 2017 were fully expended in each department for the purposes outlined in the expenditures plan submitted to Indigenous Services Canada on July 25, 2017.

**15. Economic dependence**

Tallcree First Nation receives substantially all of its revenue from ISC and Health Canada as a result of treaties entered into with the Government of Canada. These treaties are administered by the Government of Canada under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**16. Comparative figures**

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

**17. Specific claims settlement**

During the year the First Nation settled a specific claims settlement with Indigenous Services Canada. The funds received from the settlement were placed into a trust for membership, and as such, have not been included in the gross revenue received from Indigenous Services Canada on the statement of operations and accumulated surplus. The full amount of the settlement, less legal costs, is to be paid out to members with none being held back in the First Nation.