

**Stoney First Nation**

**Consolidated Financial Statements**

**March 31, 2016**

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# Stoney First Nation

## Consolidated Financial Statements

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March 31, 2016

Page

<b>Management's Responsibility for Financial Reporting</b>	3
<b>Independent Auditors' Report</b>	4
 <b>Financial Statements</b>	
Consolidated Statement of Financial Position	5
Consolidated Statement of Remeasurement Gains and Losses	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Cash Flow	9
Notes to Consolidated Financial Statements	10 - 25

## Stoney First Nation

### Management's Responsibility for Financial Reporting

March 31, 2016

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The 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 satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Stoney First Nation and meet when required.

On behalf of Stoney First Nation:

  
Chief - Bearspaw First Nation

Oct 25, 2016

Date

  
Chief - Chiniki First Nation

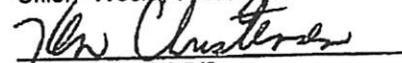
Oct 25, 2016

Date

  
Chief - Wesley First Nation

Oct 25, 2016

Date

  
Chief Financial Officer

Oct 25, 2016

Date

## Independent Auditors' Report

### To the Members of Stoney First Nation

We have audited the accompanying consolidated financial statements of Stoney First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, change 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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 auditors consider internal control relevant to the First Nation'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 First Nation'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 Stoney First Nation as at March 31, 2016, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada  
October 25, 2016

*Crowe MacKay LLP*  
Chartered Professional Accountants

**Stoney First Nation****Consolidated Statement of Financial Position**

<u>March 31</u>	<u>2016</u>	<u>2015</u>
<b>Financial Assets</b>		
<b>Cash (Note 2)</b>		
Cash (Note 2)	\$ 260,878	\$ 10,326,843
Restricted cash (Note 2)	9,049,428	8,125,014
Accounts receivable (Note 3)	23,793,235	10,653,338
Trust funds (Note 4)	223,644,925	227,629,216
	<b>256,748,466</b>	<b>256,734,411</b>
<b>Liabilities</b>		
Operating loan (Note 5)		126,667
Accounts payable and accrued liabilities (Note 6)	20,938,120	8,233,643
Deferred revenue (Note 7)	20,479,063	23,838,848
Long-term debt (Note 8)	48,178,004	50,507,738
	<b>89,595,187</b>	<b>82,706,896</b>
<b>Net financial assets</b>	<b>167,153,279</b>	<b>174,027,515</b>
<b>Non-financial Assets</b>		
Capital assets (Note 9)	186,856,415	185,539,264
Prepaid expenses	430,347	787,606
Inventories (Note 10)	404,188	426,875
	<b>187,690,948</b>	<b>186,753,744</b>
<b>Accumulated Surplus (Note 11)</b>	<b>\$354,844,227</b>	<b>\$360,781,259</b>
<b>Accumulated Surplus consists of</b>		
Accumulated operating surplus	355,552,047	359,501,178
Accumulated remeasurement gains (losses)	(707,820)	1,280,081
<b>Accumulated Surplus</b>	<b>354,844,227</b>	<b>360,781,259</b>
Contingent liabilities (Note 12)		
<b>Approved on behalf of the Council</b>		
	Chief - Bearspaw First Nation	
	Chief - Chiniki First Nation	
	Chief - Wesley First Nation	

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## Stoney First Nation

### Consolidated Statement of Remeasurement Gains and Losses

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For the year ended March 31	2016	2015
Accumulated remeasurement gains, beginning of year	\$ 1,280,081	\$ 561,258
<b>Unrealized losses attributable to:</b>		
Portfolio investments	(352,287)	718,823
Oil and gas properties (note 14)	(1,635,614)	-
Accumulated remeasurement gains and (losses), end of year	\$ (707,820)	\$ 1,280,081

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## Stoney First Nation

### Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Revenue</b>			
Federal Government:			
Indigenous and Northern Affairs Canada	\$ 41,254,067	\$ 41,063,377	\$ 34,946,260
CMHC subsidy	-	973,603	1,965,866
HRD funds	-	1,348,908	1,478,752
Health Canada	6,763,364	6,379,596	6,410,963
First Nation Development Funds	6,822,186	3,615,900	3,525,802
Other provincial funding	4,654,406	8,030,610	4,549,524
Investment and royalties income	12,755,729	12,673,824	17,265,887
Band owned business enterprises	-	19,960,063	19,630,228
Other income	59,517,327	42,640,812	18,021,571
	<b>131,767,079</b>	<b>136,686,693</b>	<b>107,794,853</b>
<b>Expenses (Note 19)</b>			
Education	17,940,048	16,779,904	16,040,213
Health	5,485,421	7,573,165	6,752,009
Economic Development	949,898	1,101,843	575,210
Housing	24,406,796	22,528,343	7,613,442
Community Services	5,888,153	6,091,165	5,257,680
Social Services	12,332,103	12,326,425	13,711,393
Band Government	13,993,960	13,471,321	12,340,998
Employment Programs	2,297,299	1,889,366	1,857,600
Public Works	17,093,673	6,513,498	5,979,437
Amortization	11,781,089	11,781,089	11,038,885
Other	31,546,532	40,579,705	43,386,977
	<b>143,714,972</b>	<b>140,635,824</b>	<b>124,553,844</b>
<b>Deficiency of revenue over expenses</b>	<b>(11,947,893)</b>	<b>(3,949,131)</b>	<b>(16,758,991)</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>359,501,178</b>	<b>359,501,178</b>	<b>376,260,169</b>
<b>Accumulated operating surplus, end of year</b>	<b>\$347,553,285</b>	<b>\$355,552,047</b>	<b>\$359,501,178</b>

## Stoney First Nation

### Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
<b>Deficiency of revenue over expenses</b>	<b>\$ (11,947,893)</b>	<b>\$ (3,949,131)</b>	<b>\$ (16,758,991)</b>
Acquisition of tangible capital assets	-	(14,733,854)	(10,919,239)
Amortization of tangible capital assets	11,781,085	11,781,089	11,038,885
Impairment on oil and gas properties (Note 14)	-	1,635,614	-
	<b>11,781,085</b>	<b>(1,317,151)</b>	<b>119,646</b>
Acquisition of prepaid asset	-	-	(108,529)
Use of prepaid asset	-	357,258	-
	<b>-</b>	<b>357,258</b>	<b>(108,529)</b>
Use of inventories	-	22,689	21,431
Net remeasurement gains (losses)	-	(1,987,901)	718,823
Decrease in net financial assets	(166,808)	(6,874,236)	(16,007,620)
<b>Net financial assets, beginning of year</b>	<b>174,027,519</b>	<b>174,027,515</b>	<b>190,035,135</b>
<b>Net financial assets, end of year</b>	<b>\$173,860,711</b>	<b>\$167,153,279</b>	<b>\$174,027,515</b>

# Stoney First Nation

## Consolidated Statement of Cash Flow

For the year ended March 31	2016	2015
<b>Cash flows from Operating activities</b>		
Deficiency of revenue over expenses	\$ (3,949,131)	\$ (16,758,991)
Items not affecting cash		
Amortization	11,781,089	11,038,885
	7,831,958	(5,720,106)
Change in non-cash operating working capital		
Accounts receivable	(13,139,897)	3,883,582
Inventories	22,689	21,431
Prepaid expenses	357,258	(108,529)
Accounts payable and accrued liabilities	12,704,477	1,099,290
Deferred revenue	(3,359,785)	8,047,390
	4,416,700	7,223,058
<b>Capital activities</b>		
Purchase of capital assets	(14,733,854)	(10,919,241)
<b>Financing activities</b>		
Proceeds on long-term debt	302,674	1,087,566
Repayment of long-term debt	(2,632,408)	(2,533,145)
	(2,329,734)	(1,445,579)
<b>Investing activities</b>		
Decrease in trust funds	3,984,291	18,081,562
Net remeasurement gains (losses)	(352,287)	718,823
Decrease (increase) in restricted cash	(924,414)	1,030,317
	2,707,590	19,830,702
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(9,939,298)</b>	<b>14,688,940</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>10,200,176</b>	<b>(4,488,764)</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 260,878</b>	<b>\$ 10,200,176</b>
<b>Represented by</b>		
Cash	\$ 260,878	\$ 10,326,843
Operating loan	-	(126,667)
	<b>\$ 260,878</b>	<b>\$ 10,200,176</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### (a) Reporting entity principles of financial reporting

The Stoney 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.

The Consolidated Financial Statements include the assets, liabilities and results of operations for the following entities:

Bearspaw First Nation	Morley Health Centre
Bearspaw Settlement Funds	Nakoda Emergency Medical Services
Bearspaw Service Centre	Stoney Nakoda Telecom
Bearspaw Subway	Education Authority
Eden Valley Reserve	Social Assistance
Eden Valley Medical Services	Child and Family Services
Chiniki First Nation	Social Housing
Chiniki Settlement Funds	Ottawa Trust Funds
Chiniki Restaurant	Per Capita Distribution
Chiniki Gas Bar	Mini Thni Foundation
Chiniki Grocery	Stoney Nakoda Resort
Wesley First Nation	Stoney Nakoda Holdings Ltd.
Wesley Settlement Funds	Stoney Nakoda Land Management Ltd.
Stoney Nakoda Economic Development Ltd.	Horse Shoe Lands Developments
Mini Thni Casino Corporation	218336 Development Ltd.
Big Horn Reserve	Stoney Nakoda Developments Ltd.
Big Horn Medical Service	1117123 Alberta Ltd.
Nakoda Lodge Ltd.	Nakoda Oil and Gas Ltd.
Tribal Common	Nakoda Contracting Ltd.
Morley Common	Iyahrhe Nakoda Food Bank Society
Stoney Nakoda Economic Development Trust	Capital Projects
Capital Education	Mini Thni Hotel Corporation
Mini Thni Utility Corporation	Stoney Nakoda Health Services Board
Bearspaw Kananaskis Travel Centre	

#### (b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances in bank accounts, net of bank overdrafts.

#### (c) Inventory

Inventory is valued at lower of cost and net realizable value. Cost is determined using the first in first out method.

# Stoney First Nation

## Notes to Consolidated Financial Statements

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March 31, 2016

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (d) Investments

First Nation business enterprises that are owned or controlled by the Stoney First Nation are consolidated with the accounts of the First Nation as they do not qualify as government business enterprises.

Investments in term deposits, treasury bills and bonds are carried at fair value.

Investments are written down where there has been a loss in value that is other than a temporary decline.

#### (e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Land	0 years Straight line
Buildings	20 years Straight line
Automotive equipment	3 years Straight line
Computer equipment	3 years Straight line
Furniture and equipment	5 years Straight line
CMHC housing	20 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

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## Stoney First Nation

### Notes to Consolidated Financial Statements

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March 31, 2016

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#### 1. Basis of Presentation and Significant Accounting Policies (continued)

##### (f) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

Other income is recognized when earned and collection is reasonably assured.

##### (g) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

##### (h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

A significant estimate made in the preparation of the accompanying consolidated financial statements involves the recoverability of expenditures incurred with respect to flood disaster clean up costs. As the expenditures are to be submitted, reviewed and approved by the Provincial Government prior to receiving the funds, management has estimated the recoverable amounts based on submitted expenditures.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 2. Cash

	2016	2015
Externally restricted		
Cash Held in Trust	\$ 5,846,419	\$ 5,823,647
Replacement Reserve	2,146,643	1,927,056
Mini Thni Foundation	1,056,366	374,311
	<hr/> 9,049,428	8,125,014
Unrestricted		
Bank indebtedness	(18,702,004)	(633,037)
Cash	18,962,882	10,959,880
	<hr/> 260,878	10,326,843
	<hr/> <b>\$ 9,310,306</b>	<b>\$ 18,451,857</b>

#### Cash held in trust

Cash held in trust relates to the debt service reserve fund requirement of the Forbearance Agreement dated January 28, 2016 as described in note 8.

#### Bank indebtedness

The bank indebtedness is secured by deposits of the Stoney First Nation.

### 3. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	\$ 9,451,722	\$ 768,367
Government of Alberta - flood damage recovery	885,272	775,765
Other	13,456,241	9,109,206
	<hr/> <b>\$ 23,793,235</b>	<b>\$ 10,653,338</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 4. Trust funds

	2016	2015
Trust funds held by Ottawa:		
Capital account	\$ 6,329,930	\$ 10,770,866
Revenue account	1,033,668	4,747,586
Heritage capital account	183,714,961	183,714,961
Heritage revenue account	7,038,724	3,193,148
Other funds held in trust:		
Stoney Nakoda Economic Development Trust	5,392,345	5,352,459
Bearspaw Settlement Trust	7,070,474	6,974,500
Chiniki Settlement Trust	6,267,612	6,183,172
Wesley Settlement Trust	6,797,211	6,692,524
	<b>\$223,644,925</b>	<b>\$227,629,216</b>

#### Trust funds held by Ottawa

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

The Heritage Royalty Trust Fund Capital Account was established in 1996 and is funded via the Ottawa Trust Fund Capital Account. The required annual contribution is graduated and ranges from a minimum of \$1 million to 50% of actual receipts over \$20 million. Commencing with the year ended March 31, 2010, the Nation has suspended the transfer.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

\$1,866,726 is held as security on housing loans.

#### Settlement trusts

Trusts were established in connection with the settlement of specific claims. The trust assets consist primarily of high grade government and corporate bonds with an annual yield of approximately 4%. The Stoney Nakoda Economic Development Trust also has made authorized loans to the Nation's entities of \$12,010,922 (2015: \$11,411,801). The securities are recorded at fair value and the loans are recorded at amortized cost.

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 5. Operating loan

Bank demand loan bearing interest at Royal Bank prime plus 1% secured by a band council resolution that authorizes redirection of funds received from specific government contribution agreements.

### 6. Accounts payable and accrued liabilities

	2016	2015
Trade payables	\$ 17,244,611	\$ 5,441,067
Accrued liabilities	2,046,620	1,764,181
Grant payable	150,798	107,798
Government remittances	583,098	725,061
Holdbacks	912,993	195,536
	<hr/> <b>\$ 20,938,120</b>	<hr/> <b>\$ 8,233,643</b>

### 7. Deferred revenue

Deferred revenue represents the following monies received for various First Nation operated programs which will be recognized as revenue in the fiscal year when the related expenditures are incurred.

	2016	2015
INAC	\$ 950,906	\$ 806,032
Band funds	3,138,244	3,915,933
Band business entities	985,550	75,000
Health Canada	250,000	-
HRD	28,348	55,368
Other	12,628,810	14,508,191
Provincial Funding	2,497,205	4,478,324
	<hr/> <b>\$ 20,479,063</b>	<hr/> <b>\$ 23,838,848</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 8. Long-term debt

	2016	2015
CMHC housing loans payable to various financial institutions in monthly installments of \$136,881 including interest at rates varying from 0.95% to 6.30% with various maturity dates to 2040.	\$ 19,604,250	\$ 20,845,131
Financing repayable in equal monthly installments of \$280,606 including interest at 6.90%, due May 2018. The loan is secured by guarantees of the Stoney First Nation, a first mortgage on lands held by 218336 Development Ltd. and an assignment of First Nation Development Funds. As at March 31, 2016 the maintenance reserve is under-funded by \$3,968,463 (2015: \$3,650,007).	28,271,080	29,662,607
Ottawa Trust loan payable bearing interest at 0%, repayable in quarterly instalments of \$17,804, maturing July 2020.	302,674	-
	<b>\$ 48,178,004</b>	<b>\$ 50,507,738</b>

Principal portion of long-term debt due within the next five years:

2017	\$ 2,665,405
2018	2,720,153
2019	2,786,421
2020	2,910,594
2021 and thereafter	37,095,431
	<b>\$ 48,178,004</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 9. Tangible Capital Assets

	Cost				Accumulated amortization				2016 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 19,036,515	\$ -	\$ -	\$ 19,036,515	\$ 76,558,756	\$ -	\$ -	\$ -	\$ 19,036,515
Buildings	227,134,317	2,993,939	(1,635,614)	228,492,642	8,989,931	-	85,548,687	-	142,943,955
Automotive equipment	5,424,740	753,077	-	6,177,817	4,690,446	494,117	-	5,184,563	993,254
Computer equipment	1,167,718	167,639	-	1,335,357	988,370	119,487	-	1,107,857	227,500
Equipment	6,124,291	1,540,410	(1,112)	7,663,589	4,644,975	475,823	(1,112)	5,119,686	2,543,903
CMHC housing	34,034,617	-	-	34,034,617	28,000,446	1,701,731	-	29,702,177	4,332,440
Work in progress building	7,500,059	9,278,789	-	16,778,848	-	-	-	-	16,778,848
	\$ 300,422,257	\$ 14,733,854	\$ (1,636,726)	\$ 313,519,385	\$ 114,882,993	\$ 11,781,089	\$ (1,112)	\$ 126,662,970	\$ 186,856,415

	Cost				Accumulated amortization				2015 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 19,036,515	\$ -	\$ -	\$ 19,036,515	\$ 68,049,115	\$ 8,509,641	\$ -	\$ 76,558,756	\$ 19,036,515
Buildings	219,939,172	7,195,145	-	227,134,317	4,281,341	363,634	-	4,281,341	150,575,561
Automotive equipment	5,133,263	291,477	-	5,424,740	4,325,430	365,016	-	4,690,446	734,294
Computer equipment	1,010,280	157,438	-	1,167,718	889,505	98,865	-	988,370	179,348
Equipment	5,031,406	1,092,885	-	6,124,291	4,281,341	363,634	-	4,644,975	1,479,316
CMHC housing	34,034,617	-	-	34,034,617	26,298,715	1,701,731	-	28,000,446	6,034,171
Work in progress building	5,317,763	2,182,296	-	7,500,059	-	-	-	-	7,500,059
	\$ 289,503,016	\$ 10,919,241	\$ -	\$ 300,422,257	\$ 103,844,106	\$ 11,038,887	\$ -	\$ 114,882,993	\$ 185,539,264

# Stoney First Nation

## Notes to Consolidated Financial Statements

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March 31, 2016

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### 10. Inventories

	2016	2015
Food and beverages	\$ 240,368	\$ 187,334
Tobacco	125,301	186,171
Fuel	38,517	53,370
	<hr/> <b>\$ 404,186</b>	<hr/> <b>\$ 426,875</b>

### 11. Accumulated surplus

	2016	2015
Operating fund	\$ (3,835,183)	\$ (1,603,929)
Capital fund	140,616,699	135,031,526
Trust fund	216,629,750	224,013,352
Replacement reserve	2,140,781	2,060,233
Remeasurement gains	(707,820)	1,280,081
	<hr/> <b>\$354,844,227</b>	<hr/> <b>\$360,781,263</b>

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## **Stoney First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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#### **12. Contingent Liabilities**

##### **A. Legal**

Stoney First Nation has been named as defendant in certain legal proceedings. The Band is actively defending all lawsuits.

The Nation is currently defending claims for wrongful dismissal. Since the claims are at a preliminary stage, the amount of loss, if any, cannot be reasonably estimated. Should a loss be incurred, it will be expensed in the year the liability is determined.

There are also several proceedings in the Federal Court and Court of Queen's Bench of Alberta with respect to logging on the Stoney First Nation reserves in which the the Stoney First Nation is plaintiff which were pending as of March 31, 2009. The Crown is a defendant in certain of these proceedings and is also a plaintiff in one of the proceedings.

The Stoney First Nation is also a plaintiff in three actions filed by the Court of Queen's Bench of Alberta and the Supreme Court of British Columbia regarding aboriginal title and aboriginal and treaty rights of the Stoney First Nation in Alberta and British Columbia respectively and in the Court of Queen's Bench for Saskatchewan regarding aboriginal and treaty rights of the Stoney First Nation in lands and resources in certain areas of Saskatchewan. All three actions also raise fundamental issues in relation to the nature and scope of Treaty No. 7.

##### **B. Contributions**

Government contributions related to the projects of the First Nation are subject to conditions regarding the expenditure of funds. The First Nation's accounting records are subject to audit by the 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 funding agencies. Adjustments to the consolidated financial statements as a result of these audits will be recorded in the period in which they become known.

#### **13. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

#### **14. Impairment of oil and gas properties**

Oil and gas properties are assessed for impairment annually to determine if the carrying amount exceeds the recoverable amount. During the year ended March 31, 2016 an asset impairment of \$1,635,614 was recognized on the carrying value of the oil and gas properties. The decrease in the carrying value was due to the declining market price of oil and natural gas.

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## **Stoney First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2016**

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#### **15. Budget**

The unaudited budget data presented in these consolidated financial statements is based upon information provided by management.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed in the current year.

#### **16. Employment Retirement Plan**

The organization has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 3.5% and 7.5% of their gross pay with the organization making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2016 were \$1,009,676 (2015: \$879,563).

#### **17. CMHC replacement reserve**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation. At the year end, the replacement reserve was overfunded.

#### **18. Flood relief recovery**

In June 2013 the Nation experienced flooding which resulted in damage to roads, housing and infrastructure. The Nation requested relief from the Government of Alberta through the Government's Disaster Relief plan. As at March 31, 2016 the Nation has a receivable of \$885,272 with respect expenditures submitted under the plan.

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 19. Expenses

For the year ended March 31	2016 Budget	2016 Actual	2015 Actual
Amortization	\$ 11,781,089	\$ 11,781,089	\$ 11,038,885
Band business expenses	15,000,000	15,509,329	16,958,940
Contracted services	8,793,302	11,397,027	8,922,536
Insurance expense	1,540,000	1,817,098	1,398,704
Interest expense	1,900,000	3,536,326	2,988,820
Per capita distribution	1,750,000	5,113,450	4,963,950
Program costs	28,548,496	15,022,587	19,983,814
Repairs and maintenance	21,302,956	22,285,382	5,530,878
Salaries, wages and benefits	35,190,874	37,277,131	33,919,236
Social support payments	6,771,456	7,535,762	9,176,179
Telephone and utilities	5,886,790	4,771,088	5,258,931
Travel and meetings	3,342,374	2,872,639	2,972,921
Tuition and Student Allowance	1,907,635	1,716,916	1,440,050
	<b>\$ 143,714,972</b>	<b>\$ 140,635,824</b>	<b>\$ 124,553,844</b>

### 20. Financial instruments

The Nation's financial instruments consist of accounts receivable, due to/from other First Nation's entities, bank indebtedness, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to accounts receivable and amounts due from related parties. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk. The Nation also has liquidity risk in respect of its accounts payable, bank indebtedness and long term debt. The Nation minimizes this risk by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders. The Nation is subject to interest rate risk arising primarily from fluctuations in rates on bank overdraft facilities.

### 21. Economic Dependence

Stoney First Nation receives a significant portion of its revenue pursuant to funding agreements with Indigenous and Northern Affairs Canada and Health Canada.

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 22. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 2. The segment results for the period are as follows:

	2016 Budget	Education 2016 Actual	2015 Actual	2016 Budget	Health 2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 14,549,388	\$ 14,549,387	\$ 14,256,436	-	\$ 6,228,440	\$ 6,269,433	\$ 330,855	\$ 330,855	\$ 330,857
Health Canada	79,856	79,856	40,822	5,165,655	19,297	10,435	-	-	-
Investment and royalties income	114,593	88,265	47,259	88,668	-	-	7,800	38,327	29,778
Other provincial funding	-	429,933	129,712	-	128,858	4,107	-	-	675,000
Other revenue	3,196,211	2,204,930	1,833,234	231,098	1,304,763	884,854	611,243	732,661	(460,425)
<b>Total revenue</b>	<b>17,940,048</b>	<b>17,352,371</b>	<b>16,307,463</b>	<b>5,485,421</b>	<b>7,681,358</b>	<b>7,168,829</b>	<b>949,898</b>	<b>1,101,843</b>	<b>575,210</b>
<b>Expenses</b>									
Salaries, wages and benefits	8,865,060	9,755,616	9,549,411	2,990,312	4,876,915	3,760,867	121,012	120,713	174,447
Contracted services	2,278,124	1,612,390	1,243,404	913,294	1,021,922	1,152,309	187,293	659,849	222,902
Repairs and maintenance	1,378,338	1,172,218	883,709	386,039	368,489	353,998	2,670	2,662	-
Travel and meetings	462,566	425,829	516,110	190,333	227,441	208,246	25,101	14,441	5,302
Telephone and utilities	417,487	39,650	441,649	51,468	76,242	56,347	4,476	2,813	4,746
Tuition and Student Allowance	1,100,853	969,795	996,172	-	-	-	-	-	4,731
Other expenses	3,437,620	2,804,406	2,409,758	953,975	1,002,156	1,220,242	609,346	301,365	163,082
<b>Total expenses</b>	<b>17,940,048</b>	<b>16,779,904</b>	<b>16,040,213</b>	<b>5,485,421</b>	<b>7,573,165</b>	<b>6,752,009</b>	<b>949,898</b>	<b>1,101,843</b>	<b>575,210</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 572,467</b>	<b>\$ 267,250</b>	<b>-</b>	<b>\$ 108,193</b>	<b>\$ 416,820</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 22. Segmented information, continued

	2016 Budget	Housing		Community Services		Social Services			
		2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 505,495	\$ 505,495	\$ 623,192	\$ 402,255	\$ 402,255	\$ 379,731	\$ 10,450,251	\$ 10,746,091	\$ 12,185,120
CMHC subsidy	-	973,603	1,965,866	-	515,212	707,543	-	-	-
HRD funds	-	-	-	122,640	71,300	100,708	-	-	-
Health Canada	-	-	-	-	-	-	-	-	-
Investment and royalties income	2,950,309	282,626	618,696	1,966,507	171,919	11,745	198,200	138,156	(29,036)
Other provincial funding	-	-	7,173	-	75,080	(80)	100,000	80,903	228,475
Other revenue	20,950,992	23,452,656	6,784,006	3,396,751	4,057,364	4,363,033	1,583,652	1,353,272	1,297,302
<b>Total revenue</b>	<b>24,406,796</b>	<b>25,214,380</b>	<b>9,998,933</b>	<b>5,888,153</b>	<b>5,293,130</b>	<b>5,562,680</b>	<b>12,332,103</b>	<b>12,318,422</b>	<b>13,681,861</b>
<b>Expenses</b>									
Salaries, wages and benefits	1,206,524	1,154,703	1,186,903	2,417,219	2,712,868	2,216,999	2,841,808	2,910,060	3,149,879
Contracted services	603,943	373,385	474,185	254,041	310,061	426,085	434,665	615,574	516,620
Repairs and maintenance	17,164,916	16,817,631	2,681,394	388,912	188,119	125,755	55,931	46,083	16,556
Travel and meetings	81,154	150,298	110,679	125,257	112,404	200,698	352,140	329,610	364,706
Telephone and utilities	2,822,256	2,263,990	2,757,932	194,395	375,786	446,018	79,466	65,733	57,177
Tuition and Student Allowance	-	-	-	33,313	29,920	31,219	34,490	33,326	-
Other expenses	2,528,003	1,768,336	402,349	2,475,016	2,362,007	1,810,906	8,533,603	8,326,039	9,606,455
<b>Total expenses</b>	<b>24,406,796</b>	<b>22,528,343</b>	<b>7,613,442</b>	<b>5,888,153</b>	<b>6,091,165</b>	<b>5,257,680</b>	<b>12,332,103</b>	<b>12,326,425</b>	<b>13,711,393</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 2,686,037</b>	<b>\$ 2,385,491</b>	<b>\$ -</b>	<b>\$ (798,035)</b>	<b>\$ 305,000</b>	<b>\$ -</b>	<b>\$ (8,003)</b>	<b>\$ (29,532)</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 22. Segmented information, continued

	Band Government		Employment Programs			Public Works			
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 1,639,516	\$ 1,603,983	\$ 1,609,303	-	\$ 361,883	\$ 12,316,840	\$ 12,216,001	\$ 4,770,666	
HRD funds	-	-	-	-	833,696	771,209	-	-	
Investment and royalties income	4,444,352	548,576	185,333	165,368	(95,000)	-	162,096	35,299	52,069
Other provincial funding	-	-	(25,000)	231,182	364,151	518,967	-	(30,707)	-
Band owned business enterprises	-	2,225,847	2,276,132	-	-	-	-	482,045	-
Other revenue	7,910,092	8,167,862	9,875,513	1,900,749	516,399	183,718	4,614,737	3,135,344	3,049,913
<b>Total revenue</b>	<b>13,993,960</b>	<b>12,546,268</b>	<b>13,921,281</b>	<b>2,297,299</b>	<b>1,619,246</b>	<b>1,835,777</b>	<b>17,093,673</b>	<b>15,837,982</b>	<b>7,872,648</b>
<b>Expenses</b>									
Salaries, wages and benefits	5,370,713	5,824,460	6,068,511	1,134,979	970,833	668,406	1,299,163	1,426,322	1,358,721
Contracted services	2,012,022	2,966,490	1,622,310	163,958	38,932	489,778	189,900	171,634	791,636
Repairs and maintenance	40,672	21,641	25,134	16,000	641	9,452	885,579	2,824,677	963,373
Travel and meetings	1,135,987	1,009,113	951,514	33,370	22,816	48,579	196,477	184,174	195,938
Telephone and utilities	471,197	447,231	402,496	38,300	22,683	24,471	95,743	104,274	110,045
Tuition and Student Allowance	-	-	-	613,879	571,925	405,689	34,000	32,750	-
Other expenses	4,963,369	3,202,386	3,271,033	296,813	261,536	211,225	14,392,811	1,769,667	2,559,724
<b>Total expenses</b>	<b>13,993,960</b>	<b>13,471,321</b>	<b>12,340,998</b>	<b>2,297,299</b>	<b>1,889,366</b>	<b>1,857,600</b>	<b>17,093,673</b>	<b>6,513,498</b>	<b>5,979,437</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ (925,053)</b>	<b>\$ 1,580,283</b>	<b>-</b>	<b>\$ (270,120)</b>	<b>\$ (21,823)</b>	<b>-</b>	<b>\$ 9,324,484</b>	<b>\$ 1,893,211</b>

# Stoney First Nation

## Notes to Consolidated Financial Statements

March 31, 2016

### 22. Segmented information, continued

	2016 Budget	Amortization		2016 Budget	Other 2016 Actual	2015 Actual	2016 Budget	Consolidated totals		
		2016 Actual	2015 Actual					2016 Actual	2015 Actual	2015 Actual
<b>Revenues</b>										
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 1,059,467	\$ 709,310	\$ 429,072	\$ 41,254,067	\$ 41,063,377	\$ 34,946,260	
CMHC subsidy	-	-	-	-	-	-	-	-	973,603	1,965,866
HRD funds	-	-	-	6,822,186	3,615,900	3,525,802	6,822,186	3,615,900	3,525,802	
First Nation Development Funds	-	-	-	1,395,213	-	-	6,763,364	6,379,596	6,410,963	
Health Canada	-	-	-	2,657,836	11,446,359	16,339,608	12,755,729	12,673,824	17,265,887	
Investment and royalties income	-	-	-	4,323,224	6,982,392	3,011,170	4,654,406	8,030,610	4,549,524	
Other provincial funding	-	-	-	-	17,252,171	17,354,096	-	19,960,063	19,630,228	
Band owned business enterprises	-	-	-	15,121,802	(2,284,439)	(9,789,577)	59,517,327	42,640,812	18,021,571	
Other revenue	-	-	-							
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,379,728</b>	<b>37,721,693</b>	<b>30,870,171</b>	<b>131,767,079</b>	<b>136,686,693</b>	<b>107,794,853</b>	
<b>Expenses</b>										
Salaries, wages and benefits	-	-	-	8,944,084	7,524,641	5,785,092	35,190,874	37,277,131	33,919,236	
Contracted services	-	-	-	1,756,062	3,626,790	1,983,307	8,793,302	11,397,027	8,922,536	
Repairs and maintenance	-	-	-	983,899	843,221	471,507	21,302,956	22,285,382	5,530,878	
Travel and meetings	-	-	-	739,989	396,513	371,149	3,342,374	2,872,639	2,972,921	
Telephone and utilities	-	-	-	1,712,002	1,372,686	958,050	5,886,790	4,771,088	5,258,931	
Amortization	11,781,089	11,781,089	11,038,885	-	-	-	11,781,089	11,781,089	11,038,885	
Tuition and Student Allowance	-	-	-	91,100	79,200	2,237	1,907,635	1,716,916	1,440,048	
Other expenses	-	-	-	17,319,396	26,736,654	33,815,635	55,509,952	48,534,552	55,470,409	
<b>Total expenses</b>	<b>11,781,089</b>	<b>11,781,089</b>	<b>11,038,885</b>	<b>31,546,532</b>	<b>40,579,705</b>	<b>43,386,977</b>	<b>143,714,972</b>	<b>140,635,824</b>	<b>124,553,844</b>	
<b>Annual surplus (deficit)</b>	<b>\$ (11,781,089)</b>	<b>\$ (11,781,089)</b>	<b>\$ (11,038,885)</b>	<b>\$ (166,804)</b>	<b>\$ (2,858,012)</b>	<b>\$ (12,516,806)</b>	<b>\$ (11,947,893)</b>	<b>\$ (3,949,131)</b>	<b>\$ (16,758,991)</b>	