

Stoney First Nation

Consolidated Financial Statements

March 31, 2017

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Stoney First Nation

Management's Responsibility for Financial Reporting

March 31, 2017

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 - Bearsapaw First Nation

Oct 23, 2017
Date


Chief - Chiniki First Nation

Oct 23, 2017
Date


Chief - Wesley First Nation

Oct 23, 2017
Date


Chief Financial Officer

Oct 23, 2017
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, 2017, 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, 2017, 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 23, 2017


Chartered Professional Accountants

Stoney First Nation

Consolidated Statement of Financial Position

March 31 2017 2016

Financial Assets

Cash (Note 2)	\$ 19,897,800	\$ 260,878
Restricted cash (Note 2)	9,381,707	9,049,428
Accounts receivable (Note 3)	8,943,186	23,793,235
Trust funds (Note 4)	213,643,040	223,644,925
	<u>251,865,733</u>	<u>256,748,466</u>

Liabilities

Accounts payable and accrued liabilities (Note 5)	14,771,244	20,938,120
Deferred revenue (Note 6)	29,550,203	20,479,063
Long-term debt (Note 7)	45,778,939	48,178,004
	<u>90,100,386</u>	<u>89,595,187</u>

Net financial assets 161,765,347 167,153,279

Non-financial Assets

Capital assets (Note 8)	179,461,951	186,856,415
Prepaid expenses	182,929	430,347
Inventories (Note 9)	358,174	404,186
	<u>180,003,054</u>	<u>187,690,948</u>

Accumulated Surplus (Note 10) \$341,768,401 \$354,844,227

Accumulated Surplus consists of

Accumulated operating surplus	342,412,034	355,552,047
Accumulated remeasurement gains (losses)	(643,633)	(707,820)
Accumulated Surplus	<u>341,768,401</u>	<u>354,844,227</u>

Contingent liabilities (Note 11)

Approved on behalf of the Council

 Chief - Bears paw First Nation

 Chief - Chiniki First Nation

 Chief - Wesley First Nation

Stoney First Nation**Consolidated Statement of Remeasurement Gains and Losses**

For the year ended March 31	2017	2016
Accumulated remeasurement gains and (losses), beginning of year	\$ (707,820)	\$ 1,280,081
Unrealized gains (losses) attributable to:		
Portfolio investments	(206,377)	(352,287)
Oil and gas properties (note 13)	270,564	(1,635,614)
Accumulated remeasurement losses, end of year	\$ (643,633)	\$ (707,820)

Stoney First Nation

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Federal Government:			
Indigenous and Northern Affairs Canada	\$ 47,165,920	\$ 36,022,950	\$ 41,063,377
CMHC subsidy	-	910,804	973,603
HRD funds	-	1,894,087	1,348,908
Health Canada	7,052,084	6,554,130	6,379,596
First Nation Development Funds	3,500,000	3,220,365	3,615,900
Other provincial funding	6,943,145	3,267,497	8,030,610
Investment and royalties income	13,732,249	11,200,352	12,673,824
Band owned business enterprises	2,305,600	17,818,342	19,960,063
Other income	44,211,467	37,697,349	42,640,812
	124,910,465	118,585,876	136,686,693
Expenses (Note 18)			
Education	20,698,290	17,714,355	16,779,904
Health	5,821,916	7,342,941	7,573,165
Economic Development	652,055	644,556	1,101,843
Housing	26,643,531	23,691,879	22,528,343
Community Services	5,552,952	5,224,916	6,091,165
Social Services	15,098,116	11,986,842	12,326,425
Band Government	13,826,563	13,900,920	13,471,321
Employment Programs	2,412,416	1,850,047	1,889,366
Public Works	14,353,487	6,961,745	6,513,498
Amortization	12,024,249	12,024,249	11,781,089
Other	16,757,129	30,383,439	40,579,705
	133,840,704	131,725,889	140,635,824
Deficiency of revenue over expenses	(8,930,239)	(13,140,013)	(3,949,131)
Accumulated operating surplus, beginning of year	355,552,047	355,552,047	359,501,178
Accumulated operating surplus, end of year	\$346,621,808	\$342,412,034	\$355,552,047

Stoney First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2017	2016
Deficiency of revenue over expenses	\$ (13,140,013)	\$ (3,949,131)
Acquisition of tangible capital assets	(4,629,785)	(14,733,854)
Amortization of tangible capital assets	12,024,249	11,781,089
Impairment on oil and gas properties (Note 13)	-	1,635,614
	7,394,464	(1,317,151)
Use of prepaid asset	247,418	357,258
Use of inventories	46,012	22,689
Net remeasurement gains (losses)	64,187	(1,987,901)
Decrease in net financial assets	(5,387,932)	(6,874,236)
Net financial assets, beginning of year	167,153,279	174,027,515
Net financial assets, end of year	\$161,765,347	\$167,153,279

Stoney First Nation**Consolidated Statement of Cash Flow**

For the year ended March 31	2017	2016
Cash flows from		
Operating activities		
Deficiency of revenue over expenses	\$ (13,140,013)	\$ (3,949,131)
Items not affecting cash		
Amortization	12,024,249	11,781,089
	(1,115,764)	7,831,958
Change in non-cash operating working capital		
Accounts receivable	14,850,049	(13,139,897)
Inventories	46,012	22,689
Prepaid expenses	247,418	357,258
Accounts payable and accrued liabilities	(6,166,875)	12,704,477
Deferred revenue	9,071,140	(3,359,785)
	16,931,980	4,416,700
Capital activities		
Purchase of capital assets	(4,629,785)	(14,733,854)
Financing activities		
Proceeds on long-term debt	326,350	302,674
Repayment of long-term debt	(2,725,415)	(2,632,408)
	(2,399,065)	(2,329,734)
Investing activities		
Decrease in trust funds	10,001,885	3,984,291
Net remeasurement gains (losses)	64,186	(352,287)
Decrease (increase) in restricted cash	(332,279)	(924,414)
	9,733,792	2,707,590
Increase (decrease) in cash and cash equivalents	19,636,922	(9,939,298)
Cash and cash equivalents, beginning of year	260,878	10,200,176
Cash and cash equivalents, end of year	\$ 19,897,800	\$ 260,878

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

March 31, 2017

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.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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 impractical.

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, 2017

2. Cash

	2017	2016
Externally restricted		
Cash Held in Trust	\$ 5,876,699	\$ 5,846,419
Replacement Reserve	2,354,079	2,146,643
Mini Thni Foundation	1,150,929	1,056,366
	<u>9,381,707</u>	<u>9,049,428</u>
Unrestricted		
Bank indebtedness	(15,333,127)	(18,702,004)
Cash	35,230,927	18,962,882
	<u>19,897,800</u>	<u>260,878</u>
	<u>\$ 29,279,507</u>	<u>\$ 9,310,306</u>

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 7.

Bank indebtedness

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

3. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada	\$ 525,760	\$ 9,451,722
Government of Alberta - flood damage recovery	796,903	885,272
Other	7,620,523	13,456,241
	<u>\$ 8,943,186</u>	<u>\$ 23,793,235</u>

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

4. Trust funds

	2017	2016
Trust funds held by Ottawa:		
Capital account	\$ 5,042,637	\$ 6,329,930
Revenue account	2,292,506	1,033,668
Heritage capital account	176,066,154	183,714,961
Heritage revenue account	5,281,847	7,038,724
Other funds held in trust:		
Stoney Nakoda Economic Development Trust	5,089,489	5,392,345
Bearspaw Settlement Trust	7,071,258	7,070,474
Chiniki Settlement Trust	5,857,068	6,267,612
Wesley Settlement Trust	6,942,081	6,797,211
	\$213,643,040	\$223,644,925

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 \$10,419,523 (2016 - \$12,010,922). 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, 2017

5. Accounts payable and accrued liabilities

	2017	2016
Trade payables	\$ 7,398,877	\$ 17,244,611
Accrued liabilities	5,460,841	2,046,620
Grant payable	163,906	150,798
Government remittances	1,052,832	583,098
Holdbacks	694,788	912,993
	\$ 14,771,244	\$ 20,938,120

6. 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.

	2017	2016
INAC	\$ 12,084,548	\$ 950,906
Band funds	1,791,733	3,138,244
Band business entities	994,281	985,550
Health Canada	548,255	250,000
HRD	67,032	28,348
Other	9,578,917	12,628,810
Provincial Funding	4,485,437	2,497,205
	\$ 29,550,203	\$ 20,479,063

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

7. Long-term debt

	2017	2016
CMHC housing loans payable to various financial institution in monthly installments of \$124,650 including interest at rates varying from 0.71% to 6.95% with various maturity dates to 2040.	\$ 18,482,803	\$ 19,604,250
Various Current Financial Corp leases payable in monthly instalments of \$6,910 including interest at 16.95% per annum, maturing August 1, 2021.	258,106	-
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., a first mortgage on lands held by Horse Shoe Land Developments, and an assignment of First Nation Development Funds. As at March 31, 2017 the maintenance reserve is under-funded by \$1,102,100 (2016 - \$2,869,568).	26,806,573	28,271,080
Loan payable bearing interest at 0%, repayable in quarterly instalments of \$18,694, maturing July 2020.	231,457	302,674
	\$ 45,778,939	\$ 48,178,004

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

2018	\$ 2,747,308
2019	2,838,061
2020	2,971,482
2021	3,058,055
2022 and thereafter	34,164,033
	\$ 45,778,939

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

8. Tangible Capital Assets

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization & impairment	Accumulated amortization on disposals	Balance, end of year	2017 net book value
Land	\$ 19,036,515	\$ -	\$ -	\$ 19,036,515	\$ -	\$ -	\$ -	\$ -	\$ 19,036,515
Buildings	230,128,256	3,946,789	-	234,075,045	85,548,688	9,080,569	-	94,629,257	139,445,788
Automotive equipment	6,177,817	846,271	-	7,024,088	5,184,564	647,420	-	5,831,984	1,192,104
Computer equipment	1,335,357	214,770	(18,153)	1,531,974	1,107,857	140,994	(18,153)	1,230,698	301,276
Equipment	9,501,107	673,625	(13,785)	10,160,947	6,875,088	624,978	(13,785)	7,486,281	2,674,666
CMHC housing	34,034,617	-	-	34,034,617	29,702,177	1,530,287	-	31,232,464	2,802,153
Work in progress building	15,061,120	(1,051,671)	-	14,009,449	-	-	-	-	14,009,449
	\$ 315,274,789	\$ 4,629,784	\$ (31,938)	\$ 319,872,635	\$ 128,418,374	\$ 12,024,248	\$ (31,938)	\$ 140,410,684	\$ 179,461,951

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization & impairment	Accumulated amortization on disposals	Balance, end of year	2016 Net book value
Land	\$ 19,036,515	\$ -	\$ -	\$ 19,036,515	\$ -	\$ -	\$ -	\$ -	\$ 19,036,515
Buildings	227,134,317	2,993,939	-	230,128,256	76,558,756	8,989,932	-	85,548,688	144,579,568
Automotive equipment	5,424,740	753,077	-	6,177,817	4,690,446	494,118	-	5,184,564	993,253
Computer equipment	1,167,718	167,639	-	1,335,357	988,370	119,487	-	1,107,857	227,500
Equipment	6,244,081	3,258,138	(1,112)	9,501,107	4,764,765	2,111,435	(1,112)	6,875,088	2,626,019
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	7,561,061	-	15,061,120	-	-	-	-	15,061,120
	\$ 300,542,047	\$ 14,733,854	\$ (1,112)	\$ 315,274,789	\$ 115,002,783	\$ 13,416,703	\$ (1,112)	\$ 128,418,374	\$ 186,856,415

Stoney First Nation

Notes to Consolidated Financial Statements

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9. Inventories

	2017	2016
Food and beverages	\$ 209,316	\$ 240,368
Tobacco	90,051	125,301
Fuel	44,364	38,517
Other	14,443	-
	<hr/>	<hr/>
	\$ 358,174	\$ 404,186

10. Accumulated surplus

	2017	2016
Operating fund	\$ (4,176,831)	\$ (2,820,860)
Capital fund	135,279,520	140,616,699
Trust fund	209,102,605	215,615,427
Replacement reserve	2,206,740	2,140,781
Remeasurement gains (losses)	(643,633)	(707,820)
	<hr/>	<hr/>
	\$341,768,401	\$354,844,227

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

11. 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.

12. Comparative Amounts

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

13. 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, 2017 an asset impairment recovery (impairment) of \$270,564 (2016 - (\$1,635,614)) was recognized on the carrying value of the oil and gas properties.

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Notes to Consolidated Financial Statements

March 31, 2017

14. 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.

15. 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 2017 were \$979,004 (2016- \$1,009,676).

16. 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.

17. 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, 2017 the Nation has a receivable of \$796,903 (2016 - \$885,272) with respect expenditures submitted under the plan.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

18. Expenses

For the year ended March 31	2017 Budget	2017 Actual	2016 Actual
Amortization	\$ 12,024,249	\$ 12,024,249	\$ 11,781,089
Band business expenses	12,000,000	12,554,588	15,509,329
Contracted services	10,241,129	9,322,975	11,397,027
Insurance expense	1,124,127	1,189,715	1,817,098
Interest expense	496,580	3,207,859	3,536,326
Per capita distribution	-	1,849,660	5,113,450
Program costs	30,303,738	17,976,907	15,022,587
Repairs and maintenance	26,146,931	24,078,496	22,285,382
Salaries, wages and benefits	33,365,560	33,988,330	37,277,131
Social support payments	-	6,875,314	7,535,762
Telephone and utilities	3,766,826	4,454,000	4,771,088
Travel and meetings	2,667,272	2,576,002	2,872,639
Tuition and Student Allowance	1,704,292	1,627,794	1,716,916
	\$ 133,840,704	\$ 131,725,889	\$ 140,635,824

19. 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.

20. 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, 2017

21. 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:

	2017 Budget	Education 2017 Actual	2016 Actual	2017 Budget	Health 2017 Actual	2016 Actual	Economic Development 2017 Budget	2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 17,803,870	\$ 15,960,307	\$ 14,549,387	-	-	-	\$ 345,776	\$ 345,777	\$ 330,855
Health Canada	69,981	69,981	79,856	5,419,818	6,573,332	6,228,440	-	-	-
Investment and royalties income	188,286	78,655	88,265	48,410	10,244	19,297	2,518	13,058	38,327
Other provincial funding	215,080	136,859	429,933	63,000	(21,779)	128,858	-	-	-
Other revenue	2,421,073	2,117,314	2,204,930	290,688	1,563,473	1,304,763	303,761	285,721	732,661
Total revenue	20,698,290	18,363,116	17,352,371	5,821,916	8,125,270	7,681,358	652,055	644,556	1,101,843
Expenses									
Salaries, wages and benefits	10,185,350	9,287,189	9,755,616	3,144,455	5,176,955	4,876,915	191,445	208,277	120,713
Contracted services	2,801,290	1,998,294	1,612,390	720,701	738,559	1,021,922	223,885	218,300	659,849
Repairs and maintenance	1,301,707	1,179,766	1,172,218	180,212	194,540	368,489	-	-	2,662
Travel and meetings	546,203	554,987	425,829	150,732	201,607	227,441	10,757	7,922	14,441
Telephone and utilities	25,595	27,836	39,650	52,842	89,549	76,242	2,507	1,185	2,813
Tuition and Student Allowance	1,049,761	1,015,540	969,795	-	-	-	-	-	-
Other expenses	4,788,384	3,650,743	2,804,406	1,572,974	941,731	1,002,156	223,461	208,872	301,365
Total expenses	20,698,290	17,714,355	16,779,904	5,821,916	7,342,941	7,573,165	652,055	644,556	1,101,843
Annual surplus (deficit)	\$ -	\$ 648,761	\$ 572,467	-	\$ 782,329	\$ 108,193	-	\$ -	\$ -

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

21. Segmented information, continued

	2017 Budget	Housing 2017 Actual	2016 Actual	2017 Budget	Community Services 2017 Actual	2016 Actual	2017 Budget	Social Services 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 1,666,756	\$ 776,531	\$ 505,495	\$ 324,289	\$ 324,289	\$ 402,255	\$ 13,394,389	\$ 11,218,541	\$ 10,746,091
CMHC subsidy	-	910,804	973,603	-	-	-	-	-	-
HRD funds	-	-	-	-	838,299	515,212	-	-	-
Health Canada	-	-	-	122,640	75,750	71,300	-	-	-
Investment and royalties income	2,969,238	127,234	282,626	1,992,650	145,214	171,919	204,186	-	138,156
Other provincial funding	-	(1,983,211)	-	-	-	75,080	100,000	140,794	80,903
Other revenue	24,274,622	24,988,896	23,452,656	3,440,298	3,948,977	4,057,364	1,399,541	653,245	1,353,272
Total revenue	28,910,616	24,820,254	25,214,380	5,879,877	5,332,529	5,293,130	15,098,116	12,012,580	12,318,422
Expenses									
Salaries, wages and benefits	792,764	955,692	1,154,703	2,489,316	2,542,821	2,712,868	3,642,646	2,624,327	2,910,060
Contracted services	1,042,462	785,441	373,385	261,132	277,542	310,061	769,996	801,206	615,574
Repairs and maintenance	20,921,231	18,917,074	16,817,631	339,964	216,636	188,119	133,326	63,798	46,083
Travel and meetings	71,530	67,350	150,298	58,006	48,303	112,404	442,721	321,592	329,610
Telephone and utilities	2,518,071	2,168,128	2,263,990	369,593	324,225	375,786	76,162	58,501	65,733
Tuition and Student Allowance	-	-	-	32,202	25,211	29,920	69,178	69,178	33,326
Other expenses	1,297,473	798,194	1,768,336	2,002,739	1,790,178	2,362,007	9,964,087	8,048,240	8,326,039
Total expenses	26,643,531	23,691,879	22,528,343	5,552,952	5,224,916	6,091,165	15,098,116	11,986,842	12,326,425
Annual surplus (deficit)	\$ 2,267,085	\$ 1,128,375	\$ 2,686,037	\$ 326,925	\$ 107,613	(\$ 798,035)	\$ -	\$ 25,738	(\$ 8,003)

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

21. Segmented information, continued

	Band Government			Employment Programs			Public Works		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 1,674,368	\$ 1,674,368	\$ 1,603,983	\$ 191,415	\$ 160,946	-	\$ 11,228,947	\$ 5,191,384	\$ 12,216,001
HRD funds	-	-	-	-	932,148	833,696	-	-	-
Health Canada	-	-	-	-	-	-	-	(164,933)	-
Investment and royalties income	4,918,391	1,071,999	548,576	243,246	95,000	(95,000)	122,309	294,275	35,299
Other provincial funding	3,910,804	-	-	132,000	5,569	364,151	-	-	(30,707)
Band owned business enterprises	-	1,947,671	2,225,847	-	-	-	-	-	482,045
Other revenue	3,823,000	9,519,999	8,167,862	1,845,755	656,384	516,399	3,002,231	3,163,294	3,135,344
Total revenue	14,326,563	14,214,037	12,546,268	2,412,416	1,850,047	1,619,246	14,353,487	8,484,020	15,837,982
Expenses									
Salaries, wages and benefits	5,522,341	5,941,906	5,824,460	1,099,285	1,016,012	970,833	1,287,150	1,320,355	1,426,322
Contracted services	1,418,371	1,803,607	2,966,490	49,964	53,364	38,932	1,084,846	682,103	171,634
Repairs and maintenance	184,366	205,894	21,641	8,871	7,162	641	2,772,738	2,968,532	2,824,677
Travel and meetings	789,923	835,644	1,009,113	32,723	26,210	22,816	225,114	161,753	184,174
Telephone and utilities	452,692	424,312	447,231	35,504	22,628	22,683	131,371	75,829	104,274
Tuition and Student Allowance	-	-	-	548,267	516,981	571,925	884	884	32,750
Other expenses	5,458,870	4,689,557	3,202,386	637,802	207,690	261,536	8,851,384	1,752,289	1,769,667
Total expenses	13,826,563	13,900,920	13,471,321	2,412,416	1,850,047	1,889,366	14,353,487	6,961,745	6,513,498
Annual surplus (deficit)	\$ 500,000	\$ 313,117	(925,053)	\$ -	\$ -	\$ (270,120)	\$ -	\$ 1,522,275	\$ 9,324,484

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2017

21. Segmented information, continued

	2017 Budget	Amortization 2017 Actual	2016 Actual	2017 Budget	Other 2017 Actual	2016 Actual	2017 Budget	Consolidated totals 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 536,110	\$ 370,807	\$ 709,310	\$ 47,165,920	\$ 36,022,950	\$ 41,063,377
CMHC subsidy	-	-	-	-	-	-	-	910,804	973,603
HRD funds	-	-	-	-	123,640	-	-	1,894,087	1,348,908
First Nation Development Funds	-	-	-	3,500,000	3,220,365	3,615,900	3,500,000	3,220,365	3,615,900
Health Canada	-	-	-	1,439,645	-	-	7,052,084	6,554,130	6,379,596
Investment and royalties income	-	-	-	3,043,015	9,364,673	11,446,359	13,732,249	11,200,352	12,673,824
Other provincial funding	-	-	-	2,522,261	4,989,265	6,982,392	6,943,145	3,267,497	8,030,610
Band owned business enterprises	-	-	-	2,305,600	15,870,671	17,252,171	2,305,600	17,818,342	19,960,063
Other revenue	-	-	-	3,410,498	(9,199,954)	(2,284,439)	44,211,467	37,697,349	42,640,812
Total revenue	-	-	-	16,757,129	24,739,467	37,721,693	124,910,465	118,585,876	136,686,693
Expenses									
Salaries, wages and benefits	-	-	-	5,010,808	4,914,796	7,524,641	33,365,560	33,988,330	37,277,131
Contracted services	-	-	-	1,868,482	1,964,559	3,626,790	10,241,129	9,322,975	11,397,027
Repairs and maintenance	-	-	-	304,516	325,094	843,221	26,146,931	24,078,496	22,285,382
Travel and meetings	-	-	-	339,563	350,634	396,513	2,667,272	2,576,002	2,872,639
Telephone and utilities	-	-	-	102,489	1,261,807	1,372,686	3,766,826	4,454,000	4,771,088
Amortization	12,024,249	12,024,249	11,781,089	-	-	-	12,024,249	12,024,249	11,781,089
Tuition and Student Allowance	-	-	-	4,000	-	79,200	1,704,292	1,627,794	1,716,916
Other expenses	-	-	-	9,127,271	21,566,549	26,736,654	43,924,445	43,654,043	48,534,552
Total expenses	12,024,249	12,024,249	11,781,089	16,757,129	30,383,439	40,579,705	133,840,704	131,725,889	140,635,824
Annual surplus (deficit)	\$ (12,024,249)	\$ (12,024,249)	\$ (11,781,089)	-	\$ (5,643,972)	\$ (2,858,012)	\$ (8,930,239)	\$ (13,140,013)	\$ (3,949,131)