

(437) 30-0005-14.15 PRA

ALEXIS NAKOTA SIOUX NATION

Financial Statements

Year Ended March 31, 2015

HAND DELIVERED TO Nicole Richardson
name

ON July 29 2015 NR
date initials

RECEIVED

JUL 29 2015

ABORIGINAL AFFAIRS & NORTHERN
DEVELOPMENT CANADA
ALBERTA REGION

 **Collins Barrow**
Chartered Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Alexis Nakota Sioux Nation ("Alexis" or "the First Nation") are the responsibility of management and have been approved by the Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting principles established for local governments recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgements of management.

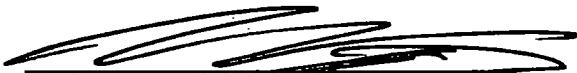
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Council meets periodically with management, as well as the external auditor, 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 financial statements and the external auditors' report.

The external auditors, Collins Barrow Edmonton LLP, conducted an independent examination, in accordance with Canadian generally accepted auditing standards, and expressed their opinion on the financial statements. The external auditors have full and free access to financial management of Alexis Nakota Sioux Nations and meet when required.

On Behalf of Alexis Nakota Sioux Nation:



Glenevis, Alberta
July 28, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Alexis Nakota Sioux Nation

We have audited the accompanying financial statements of Alexis Nakota Sioux Nation, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards ("PSAS"), 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Alexis Nakota Sioux Nation as at March 31, 2015 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Collins Barrow Edmonton LLP

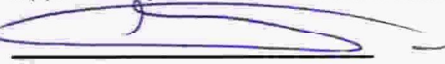



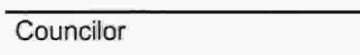
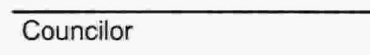
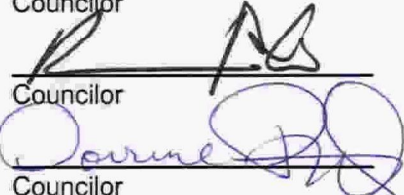
Edmonton, Alberta
July 28, 2015

Chartered Accountants

ALEXIS NAKOTA SIOUX NATION

Statement of Financial Position

March 31, 2015

| | 2015 | 2014 |
|--|--|--|
| Financial assets | | |
| Cash (Note 3) | \$ 691,382 | \$ 768,395 |
| Restricted Cash (Note 3) | 2,861,308 | 3,342,743 |
| Accounts receivable (Notes 4, 15) | 789,204 | 557,091 |
| Trust Funds (Note 5) | 14,279 | 659,925 |
| Due from government organizations (Note 6) | 327,735 | 450,363 |
| Investment in Alexis owned enterprises (Note 7) | 1,019 | 1,019 |
| Advances to Alexis owned enterprises (Note 7) | 2,088,907 | 1,797,459 |
| Alexis Settlement Trust (Note 8) | 11,773,113 | 11,679,305 |
| Total financial assets | 18,546,947 | 19,256,300 |
| Liabilities | | |
| Bank indebtedness (Note 3) | 161,387 | 591,959 |
| Accounts payable and accrued liabilities | 1,530,814 | 862,641 |
| Callable debt (Note 9) | 160,417 | 215,000 |
| Trust liabilities | 68,938 | 75,973 |
| Deferred revenue (Note 10) | 3,587,175 | 3,584,741 |
| Advances from Alexis owned enterprises (Note 7) | 2,218,446 | 2,109,787 |
| Long-term debt (Note 11) | 3,255,209 | 2,679,758 |
| Total liabilities | 10,982,386 | 10,119,859 |
| Net financial assets | \$ 7,564,561 | \$ 9,136,441 |
| Non-financial assets | | |
| Deposits and prepaid expenses | \$ 175,403 | \$ 218,453 |
| Tangible capital assets (Note 12) | 14,605,871 | 14,580,440 |
| Total non-financial assets | 14,781,274 | 14,798,893 |
| Accumulated surplus (Schedule 2) | \$ 22,345,835 | \$ 23,935,334 |
| Contingencies (Note 13) | | |
| Approved by Alexis Nakota Sioux Nation: | | |
|  Chief |  Councilor |  Councilor |
|  Councilor |  Councilor |  Councilor |
|  Councilor | | |

See notes to financial statements

ALEXIS NAKOTA SIOUX NATION

Statement of Operations

Year Ended March 31, 2015

| | Budget | 2015 | 2014 |
|---|---------------------|---------------------|-----------------------|
| Revenues | | | |
| AANDC | \$ 9,046,910 | \$ 9,764,566 | \$ 9,012,468 |
| FNIH | 1,959,000 | 1,868,294 | 1,755,878 |
| Consultation - assessments | 844,000 | 1,247,254 | 683,232 |
| Consultation - special projects | - | 142,375 | 33,348 |
| Trust fund transfers | 669,222 | 609,916 | 637,786 |
| Yellowhead Tribal grants and contributions (Note 15) | 441,401 | 456,849 | 669,964 |
| Northern ISGA Foundation (Note 15) | 526,149 | 666,184 | 575,688 |
| Alexis Settlement Trust (Note 8) | 253,471 | 634,336 | 560,077 |
| Government of Alberta grants | 202,464 | 249,322 | 498,887 |
| CMHC | 178,918 | 264,761 | 176,723 |
| Grants, contributions and other | 2,212,329 | 2,714,733 | 3,727,474 |
| Contributions carried forward from prior year | 326,600 | 562,850 | 58,347 |
| Deferred revenue - AANDC | - | (208,100) | - |
| Deferred revenue - FNIH | - | (149,000) | - |
| | <u>16,660,464</u> | <u>18,824,340</u> | <u>18,389,872</u> |
| Expenses | | | |
| Administration | 2,608,446 | 3,433,060 | 3,443,959 |
| Education | 4,034,470 | 3,965,545 | 4,108,976 |
| Social Assistance | 2,145,194 | 3,396,901 | 3,412,509 |
| Health | 2,142,245 | 1,838,042 | 1,852,051 |
| Economic Development | 828,051 | 3,014,720 | 3,185,205 |
| Infrastructure | 975,817 | 1,350,623 | 1,379,977 |
| Other | 384,137 | 518,653 | 674,160 |
| Capital Projects | 350,492 | 2,172,438 | 1,672,444 |
| | <u>13,468,852</u> | <u>19,689,982</u> | <u>19,729,281</u> |
| Annual deficit from operations | 3,191,612 | (865,642) | (1,339,409) |
| Other income (expenses) | | | |
| Share of income (loss) from Alexis owned enterprises | - | (78,211) | 95,808 |
| Annual deficit of revenue over expenses | <u>\$ 3,191,612</u> | <u>\$ (943,853)</u> | <u>\$ (1,243,601)</u> |

See notes to financial statements

ALEXIS NAKOTA SIOUX NATION

Statement of Changes in Net Financial Assets Year Ended March 31, 2015

| | 2015 | 2014 |
|--|---------------------|-----------------------|
| Annual deficit of revenue over expenses | \$ (943,853) | \$ (1,243,601) |
| Acquisition of tangible capital assets | (1,522,491) | (141,818) |
| Amortization of tangible capital asset | 1,497,060 | 1,522,716 |
| | <u>(969,284)</u> | <u>137,297</u> |
| Changes in deposits and prepaid expenses | 43,050 | (111,282) |
| Change in trust funds | (645,646) | (10,498) |
| | <u>(602,596)</u> | <u>(121,780)</u> |
| Decrease (Increase) in net financial assets | (1,571,880) | 15,517 |
| Net financial assets, beginning of year | 9,136,441 | 9,120,924 |
| Net financial assets, end of year | \$ 7,564,561 | \$ 9,136,441 |

See notes to financial statements

ALEXIS NAKOTA SIOUX NATION

Statement of Cash Flows

Year Ended March 31, 2015

| | 2015 | 2014 |
|--|--------------------|--------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Annual deficit of revenues over expenses | \$ (943,853) | \$ (1,243,601) |
| Add(deduct) items not affecting cash: | | |
| Amortization tangible capital assets | 1,497,060 | 1,522,716 |
| Gain on sale of capital asset | (300,000) | - |
| Share of loss (income) from Alexis Nakota Sioux Nation owned enterprises | 78,211 | (95,808) |
| | <u>331,418</u> | <u>183,307</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (232,113) | 101,546 |
| Due from government organizations | 122,628 | 82,862 |
| Deposits and prepaid expenses | 43,050 | (111,282) |
| Trust liabilities | (7,035) | 13,570 |
| Accounts payable and accrued liabilities | 668,173 | 246,562 |
| Deferred revenue | 2,434 | 2,928,628 |
| | <u>928,555</u> | <u>3,445,193</u> |
| Cash flow from operating activities | | |
| Financing activities | | |
| Decrease in externally restricted assets | (430,577) | (60,190) |
| Proceeds from loans | 680,586 | 243,450 |
| Repayment of callable debt | (54,583) | - |
| Repayment of long-term debt | (105,130) | (105,549) |
| | <u>90,296</u> | <u>77,711</u> |
| Cash flow from financing activities | | |
| Capital Activities | | |
| Acquisition of tangible assets | (1,522,491) | (141,818) |
| | <u>(1,522,491)</u> | <u>(141,818)</u> |
| Investing activities | | |
| Net advances from (to) owned enterprises | 39,000 | (72,468) |
| Net decrease in portfolio investments | (93,808) | (117,405) |
| Increase (decrease) in externally restricted assets | 481,435 | (3,119,823) |
| | <u>426,627</u> | <u>(3,309,696)</u> |
| Cash flow from (used by) investing activities | | |
| Increase (decrease) in cash | (77,013) | 71,390 |
| Cash - beginning of year | 768,395 | 697,005 |
| Cash - end of year | \$ 691,382 | \$ 768,395 |

See notes to financial statements

ALEXIS NAKOTA SIOUX NATION

Schedule of Total Expenses by Object

(Schedule 1)

Year Ended March 31, 2015

| | 2015 | 2014 |
|----------------------------------|----------------------|----------------------|
| EXPENSES | | |
| Wages and benefits | \$ 5,546,853 | \$ 4,702,108 |
| Other program delivery | 2,737,319 | 2,484,349 |
| Amortization of tangible assets | 1,497,060 | 1,522,716 |
| Social assistance benefits | 1,388,693 | 1,725,038 |
| Casual labour | 1,196,093 | 1,185,003 |
| Professional services | 1,157,455 | 1,982,733 |
| Contract services | 767,630 | 562,992 |
| Cultural and recreational events | 488,902 | 638,049 |
| Honoraria | 829,134 | 708,937 |
| Tuition | 701,205 | 641,747 |
| Utilities | 509,920 | 521,195 |
| Travel | 454,922 | 399,808 |
| Materials and supplies | 380,523 | 369,132 |
| Office and general | 380,415 | 588,272 |
| Insurance | 315,704 | 249,212 |
| Employer benefits | 220,117 | 230,971 |
| Training and development | 193,463 | 282,723 |
| Pension benefits | 186,667 | 193,076 |
| Interest and bank charges | 136,479 | 104,864 |
| Repairs and maintenance | 132,150 | 199,933 |
| Per capita distributions | 469,278 | 436,423 |
| | \$ 19,689,982 | \$ 19,729,281 |

See notes to financial statements

ALEXIS NAKOTA SIOUX NATION

Schedule of Changes in Accumulated Surplus

(Schedule 2)

Year Ended March 31, 2015

| | Unrestricted Surplus (Deficit) | Equity in Business Entities | Equity in Tangible Capital Assets | Equity in Trust Funds | Equity in Alexis Settlement Trust | 2015 | 2014 |
|--|--------------------------------------|-----------------------------------|---|--------------------------|--------------------------------------|----------------------|----------------------|
| Accumulated surplus (deficit), beginning of year | \$ 6,731 | \$ (311,309) | \$ 11,900,683 | \$ 659,925 | \$ 11,679,304 | \$ 23,935,334 | \$ 25,189,433 |
| Annual deficit of revenue over expenses | (943,853) | - | - | - | - | (943,853) | (1,243,601) |
| Deficit (surplus) relating to business entities | 78,211 | (78,211) | - | - | - | - | - |
| Net advances from(to) business entities | (261,000) | 261,000 | - | - | - | - | - |
| Acquisition of tangible capital assets | (1,522,491) | - | 1,522,491 | - | - | - | - |
| Amortization of tangible capital assets | 1,497,060 | - | (1,497,060) | - | - | - | - |
| Net change in long-term debt | (575,456) | - | 575,456 | - | - | - | - |
| Net decrease in trust funds | - | - | - | (645,646) | - | (645,646) | (10,498) |
| Net increase (decrease) in Alexis Settlement Trust | (93,808) | - | - | - | 93,808 | - | - |
| Accumulated surplus (deficit), end of year | \$ (1,814,606) | \$ (128,520) | \$ 12,501,570 | \$ 14,279 | \$ 11,773,112 | \$ 22,345,835 | \$ 23,935,334 |

See notes to financial statements

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

1. Summary of significant accounting policies

(a) Basis of presentation

These financial statements were prepared in accordance with Canadian public sector accounting standards ("PSAS") established for local governments recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants "CICA").

(b) Band members' loans receivable

Loans receivable are recorded at cost less an amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

(c) Alexis Settlement Trust

The Alexis Settlement Trust fund is recorded at cost. Portfolio investments are written down where there has been a loss in value.

(d) Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. Infrastructure costs that represent repairs to existing roads, water and sewage systems are not capitalized but rather treated as expenses of the period. Infrastructure costs considered to have lasting benefit are capitalized. 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.

The cost, less the residual value of the tangible capital assets, is amortized over the expected useful life of the tangible capital assets as follows:

| | | |
|----------------------|-----|----------------------|
| Band Buildings | 4% | straight-line method |
| Housing/Mobile Homes | 5% | straight-line method |
| Equipments | 20% | straight-line method |
| Infrastructures | 4% | straight-line method |

Amortization of tangible assets under construction commences once the assets are available for use. For tangible assets acquired, one-half of the normal rate of available amortization is charged in the year of acquisition.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Alexis Nakota Sioux 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 is accounted for as an expense in the statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of the 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.

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

1. Summary of significant accounting policies (*continued*)

(e) Revenue recognition

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

Revenue earned from oil and gas royalties and lease revenue in the trust funds is recognized when a Band Council Resolution requesting to withdraw the amounts from the respective trust fund accounts is approved. Approved withdrawals which are not yet expended for the intended purpose are recognized in the statement of financial position as deferred revenue. The uncommitted balance in the trust funds accounts is recognized in the statement of financial position as equity.

Revenue earned from the Alexis Settlement Trust is recognized in the period in which the events occurred that give rise to the revenue. Withdrawals are made when the related Band Council Resolution requesting to withdraw the amounts from the respective trust fund account is approved. Approved withdrawals which are not yet expended for the intended purpose are recognized in the statements of financial position as deferred revenue.

Other revenue is recognized as services are provided and collection is reasonably assured.

(f) Investments in and advances to Alexis owned enterprises

The investments in Alexis Nakota Sioux Nation's government business entities and government business partnerships are accounted for using the modified equity method whereby the investment is initially recorded at cost and adjusted thereafter to include the post-acquisition earnings of the enterprise. The accounting policies of the Alexis Nakota Sioux Nation owned enterprises have not been adjusted to conform with those of Alexis Nakota Sioux Nation and inter-entity balances are not eliminated. Inter-equity gains and losses are eliminated on assets remaining within the government reporting entities at the reporting date.

(g) Employee pension plan

Alexis Nakota Sioux Nation sponsors a defined contribution pension plan for certain employees. Under the plan, Alexis Nakota Sioux Nation matches the employee's contribution to a maximum of 8.95% of total earnings. During the year, Alexis Nakota Sioux Nation contributed \$184,289 (2014 - \$190,725) to the pension plan.

(h) Non-financial assets

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

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

1. Summary of significant accounting policies (*continued*)

(i) Measurement uncertainty

In preparing the financial statements for Alexis Nakota Sioux Nation, management is required 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 financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the valuation of accounts receivable and estimated useful life of tangible capital assets. Actual results could differ from these estimates.

2. Recent accounting pronouncements

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants ("CICA") but are not yet effective. The First Nation is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3260 – Liability for Contaminated Sites

This new section establishes recognition, measurement, and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

Section PS 3450 – Financial Instruments

The new section establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments. All other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

Section PS 1201 – Financial Statement Presentation

This new section requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising for the re-measurement of financial instruments and items denominated in foreign currencies as well as government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2016

Section PS 2601 – Foreign Currency Translation

This section replaces PS2600 and is applicable for years beginning on or after April 1, 2016. This standard requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses.

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

2. Recent accounting pronouncements (*continued*)

Section PS 3041 - Portfolio Investments

This section removes the distinction between temporary and portfolio investments. This section now includes pooled investments in its scope and was amended to conform to Financial Instruments PS 3450. Upon adoption of PS 3450 and PS 3041 Temporary Investments PS 3030 will no longer apply. This standard is applicable for fiscal years beginning on or after April 1, 2016.

3. Cash and restricted cash

Cash is comprised of the following:

| | 2015 | 2014 |
|--------------------------------|---------------------|---------------------|
| Externally restricted | | |
| CMHC Replacement Reserve | \$ 89,267 | \$ 231,524 |
| Funds held in trust | 222,167 | 588,330 |
| Term deposit | 2,549,874 | 2,522,889 |
| | <u>2,861,308</u> | <u>3,342,743</u> |
| | | |
| Internally restricted | | |
| Multipurpose facility | 276,301 | 395,252 |
| Minors' trust | 68,938 | 75,973 |
| | <u>345,239</u> | <u>471,225</u> |
| | | |
| Unrestricted | | |
| Operating | (151,382) | (569,635) |
| Social service | (2,651) | 27,856 |
| Tradition and custom | (7,354) | (238) |
| | <u>(161,387)</u> | <u>(542,017)</u> |
| Capital assets | 125,174 | (25) |
| Education | 43,700 | 16,976 |
| Health Service | 143,458 | 35,080 |
| Economic development | 16,572 | 62,972 |
| Other | 17,239 | 132,225 |
| | <u>346,143</u> | <u>247,228</u> |
| | | |
| Total cash and restricted cash | <u>\$ 3,391,303</u> | <u>\$ 3,519,179</u> |

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

3. Cash and restricted cash (continued)

| | 2015 | 2014 |
|-------------------|---------------------|---------------------|
| Bank indebtedness | \$ (161,387) | \$ (591,959) |
| Cash | 691,382 | 768,395 |
| Restricted Cash | 2,861,308 | 3,342,743 |
| | <u>\$ 3,391,303</u> | <u>\$ 3,519,179</u> |

Minors' trust is restricted for use for the trust liability for minor children and is payable to minors when they attain the age of 18 years. Multipurpose facility is restricted for the construction of a new multipurpose facility. These funds are restricted and are therefore not available for any other current use.

Alexis Nakota Sioux Nation has an overdraft facility which bears interest at prime plus 2.00% (2014 - prime plus 2.00%). The overdraft is authorized to a maximum outstanding balance of \$600,000 (2014 - \$600,000). The bank indebtedness is collateralized by a Band Council Resolution redirecting AANDC funding.

4. Accounts receivable

| | 2015 | 2014 |
|----------------------------------|-------------------|-------------------|
| Other organizations and entities | \$ 1,898,173 | \$ 1,284,464 |
| Band Members' loans and advances | 657,245 | 633,513 |
| | <u>2,555,418</u> | <u>1,917,977</u> |
| Allowance for doubtful accounts | (1,766,214) | (1,360,886) |
| Total accounts receivable | <u>\$ 789,204</u> | <u>\$ 557,091</u> |

5. Trust funds

Trust funds are considered internally restricted assets and are controlled directly by the Department of Indian and Northern Affairs. The funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. Trust fund accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. The expenditures of the trust funds are limited to purposes identified in the Indian Act. Information relating to the income earned in the trust fund accounts from oil and gas royalties, leases and rentals was obtained directly from the Department of Indian and Northern Affairs. The uncommitted balance at the end of the year is shown on the schedule of changes in accumulated surplus as equity in trust funds. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

5. Trust funds (continued)

The balances consist of the following:

| | 2015 | 2014 |
|------------------------------------|------------|------------|
| Capital fund | | |
| Beginning of year | \$ 564,120 | \$ 606,396 |
| Revenue from oil and gas royalties | 101,428 | 322,724 |
| Transfers to programs | (662,900) | (365,000) |
| End of year | 2,648 | 564,120 |
| Revenue fund | | |
| Beginning of year | 95,805 | 64,027 |
| Revenue from oil and gas royalties | 110,826 | 141,778 |
| Transfers to programs | (195,000) | (110,000) |
| End of year | 11,631 | 95,805 |
| Total trust fund | \$ 14,279 | \$ 659,925 |

6. Due from government organizations

| | 2015 | 2014 |
|---|------------|------------|
| Federal government | | |
| Aboriginal Affairs and Northern Development | \$ 296,744 | \$ 384,603 |
| Health Canada | 16,996 | 30,856 |
| Provincial government | 13,995 | 34,904 |
| | \$ 327,735 | \$ 450,363 |

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

7. Investment and advances to Alexis owned enterprises

| | 2015 | | 2014 | |
|---|-----------------|---------------------|-----------------|---------------------|
| | Investment | Advances | Investment | Advances |
| Alexis Hotel Corporation | \$ 10 | \$ - | \$ 10 | \$ - |
| Alexis Casino Corporation | 10 | - | 10 | - |
| Alexis Trustee Corporation | 100 | - | 100 | - |
| Alexis Board of Education | 8 | - | 8 | - |
| Alexis Band Farm Enterprises | 100 | - | 100 | - |
| Alexis Development Corporation | 10 | - | 10 | - |
| Alexis Fleet Compound Service Inc. | 100 | - | 100 | - |
| Nakota Trucking Ltd. | 10 | - | 10 | - |
| Alexis Group of Companies Inc. | 100 | 300,000 | 100 | - |
| Alexis Business Development Corporation | 100 | - | 100 | - |
| Alexis Band Oil and Gas Corporation | 1 | (1,454,216) | 1 | (1,410,961) |
| Alexis Forestry Ltd. | 100 | - | 100 | - |
| Alexis Bank Enterprises Inc. | 2 | - | 2 | - |
| Alexis Service Centre Ltd. | 158 | - | 158 | - |
| Alexis Land Management Corporation | 100 | (257,852) | 100 | (548,232) |
| Nakota Construction | 100 | - | 100 | - |
| Alexis Management Ltd. | 10 | - | 10 | - |
| Alexis Tourism RV park Corporation | - | (506,378) | - | (150,594) |
| Alexis First Nations Business Trust | - | 1,501,762 | - | 1,501,762 |
| Alexis Economic Development Trust | - | 287,145 | - | 295,697 |
| | <u>\$ 1,019</u> | <u>\$ (129,539)</u> | <u>\$ 1,019</u> | <u>\$ (312,328)</u> |

Supplementary information regarding the results of operations and financial position of Alexis Land Management Corporation, Alexis Band Oil & Gas Corporation and Alexis Tourism RV Park Corporation accounted for using the modified equity method of accounting is included in supplementary schedules 3, 4, 5 and 6 of these financial statements.

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

8. Alexis Settlement Trust

The Alexis Settlement Trust retains settlement funds received from the Government of Canada pursuant to the Alexis Treaty Land Entitlement Agreement entered into in March 1995. Under the Trust Deed, only 80% of the annual investment income earned on trust assets can be used for program delivery in any year; the remaining balance is restricted and is therefore not available for any other current use. These settlement funds are recorded at cost and are comprised of the following:

| | <u>2015</u> | <u>2014</u> |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 498,013 | \$ 362,784 |
| Fixed income securities | 7,129,936 | 7,421,187 |
| Equity securities | 4,145,164 | 3,895,334 |
| | <u>\$ 11,773,113</u> | <u>\$ 11,679,305</u> |

The market value of the above settlement funds is \$13,207,739 (2014 - \$12,746,156).

During the year, the investment income available for distribution was \$665,396 (2014 - \$457,775) and the investment management fees and other costs paid were \$106,858 (2014 - \$102,302). The amounts transferred to the First Nation's programs were \$558,538 (2014 - \$423,808).

9. Callable debt

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| TD Canada Trust demand loan bearing interest at the bank prime plus 2%, repayable at 11,458 per month principal plus interest. | \$ 160,417 | \$ 250,000 |

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

10. Deferred revenue

| | Balance March 31, 2014 | Funding received 2015 | Revenue recognized 2015 | 2015 |
|-----------------------------|------------------------------|-----------------------------|-------------------------------|--------------|
| Federal government | | | | |
| Health Canada carry forward | \$ 126,450 | \$ 149,000 | \$ 126,450 | \$ 149,000 |
| AANDC | 6,400 | 208,100 | 6,400 | 208,100 |
| | 132,850 | 357,100 | 132,850 | 357,100 |
| Provincial government | | | | |
| Economic Development | 150,000 | - | 150,000 | - |
| Other | | | | |
| Unearned fees | 43,750 | 200,000 | 100,000 | 143,750 |
| Environmental research | 340,000 | - | 180,000 | 160,000 |
| Multi-purpose facility | 2,918,141 | 26,985 | 18,801 | 2,926,325 |
| | 3,301,891 | 226,985 | 298,801 | 3,230,075 |
| | \$ 3,584,741 | \$ 584,085 | \$ 581,651 | \$ 3,587,175 |

11. Long term debt

| | 2015 | 2014 |
|---|------------|------------|
| CMHC 9001 loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$1,332. The loan matures on March 1, 2018, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | \$ 182,965 | \$ 195,879 |
| CMHC 9002 loan bearing interest at 1.8% per annum, repayable in monthly blended payments of \$1,260. The loan matures on October 1, 2016, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 216,799 | 227,926 |
| CMHC 9003 loan bearing interest at 1.53% per annum, repayable in monthly blended payments of \$3,089. The loan matures on December 1, 2017, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 424,209 | 454,560 |
| CMHC 9004 loan bearing interest at 2.04% per annum, repayable in monthly blended payments of \$1,276. The loan matures on March 1, 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 241,110 | 251,404 |

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

11. Long term debt (continued)

| | 2015 | 2014 |
|---|---------------------|---------------------|
| CMHC 9005 loan bearing interest at 2.04% per annum, repayable in monthly blended payments of \$1,140. The loan matures on March 1, 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 164,898 | 175,118 |
| CMHC 9006 loan bearing interest at 1.99% per annum, repayable in monthly blended payments of \$1,332. The loan matures on May 1, 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 253,884 | 264,690 |
| CMHC 9007 loan bearing interest at 2.75% per annum, repayable in monthly blended payments of \$2,026. The loan matures on June 1, 2016, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 389,882 | 403,334 |
| CMHC 9008 loan bearing interest at 2.75% per annum, repayable in monthly blended payments of \$2,349. The loan matures on February 1, 2016, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 447,691 | 463,397 |
| CMHC 9009 loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$2,051. The loan matures on December 1, 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 460,159 | 123,360 |
| CMHC 9010 loan bearing interest at 1.83% per annum, repayable in monthly blended payments of \$1,993. The loan matures on December 1, 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing. | 473,612 | 120,090 |
| | \$ 3,255,209 | \$ 2,679,758 |

Principal repayment terms are approximately:

| | |
|------|---------------------|
| 2016 | \$ 548,769 |
| 2017 | 659,123 |
| 2018 | 552,013 |
| 2019 | 1,287,624 |
| 2020 | 207,680 |
| | \$ 3,255,209 |

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

12. Tangible capital assets

| <u>Cost</u> | 2014 Balance | Additions | Disposals | 2015 Balance |
|-----------------------|----------------------|---------------------|---------------------|----------------------|
| Housing | \$ 10,370,616 | \$ 849,900 | \$ - | \$ 11,220,516 |
| General Equipment | 3,831,132 | - | 1,334,698 | 2,496,434 |
| Band Buildings | 10,959,353 | - | - | 10,959,353 |
| Roads | 2,098,180 | - | - | 2,098,180 |
| Subdivision | 2,337,938 | - | - | 2,337,938 |
| Water Treatment Plant | 1,138,689 | 672,591 | - | 1,811,280 |
| Sewage Lagoon | 6,596,730 | - | - | 6,596,730 |
| | \$ 37,332,638 | \$ 1,522,491 | \$ 1,334,698 | \$ 37,520,431 |

| <u>Accumulated Amortization</u> | 2014 Balance | Amortization | Accumulated Amortization on Disposals | 2015 Balance |
|---------------------------------|----------------------|---------------------|---|----------------------|
| Housing | \$ 5,747,737 | \$ 445,353 | \$ - | \$ 6,193,090 |
| General Equipment | 3,530,167 | 260,305 | 1,334,698 | 2,455,774 |
| Band Buildings | 8,345,150 | 312,965 | - | 8,658,115 |
| Roads | 1,405,318 | 75,502 | - | 1,480,820 |
| Subdivision | 1,365,478 | 93,518 | - | 1,458,996 |
| Water Treatment Plant | 775,309 | 45,548 | - | 820,857 |
| Sewage Lagoon | 1,583,039 | 263,869 | - | 1,846,908 |
| | \$ 22,752,198 | \$ 1,497,060 | \$ 1,334,698 | \$ 22,914,560 |

| <u>Net book value</u> | 2015 | 2014 |
|-----------------------|----------------------|----------------------|
| Housing | \$ 5,027,426 | \$ 4,622,879 |
| General Equipment | 40,660 | 300,965 |
| Band Buildings | 2,301,238 | 2,614,203 |
| Roads | 617,360 | 692,862 |
| Subdivision | 878,942 | 972,460 |
| Water Treatment Plant | 990,423 | 363,380 |
| Sewage Lagoon | 4,749,822 | 5,013,691 |
| | \$ 14,605,871 | \$ 14,580,440 |

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

13. Contingencies

The First Nation has been named defendant in a lawsuit for \$7,550,000 arising from an alleged breach of contract. Legal counsel estimates the First Nation's possible exposure to be approximately \$1,000,000 should the statement of claim be successful. Accordingly no liability has been recorded in the financial statements.

The First Nation has been named defendant in a lawsuit for \$600,000 arising from an alleged breach of contract. It is the opinion of legal counsel the First Nation will probably succeed in the defence of this action. Accordingly no liability has been recorded in the financial statements.

The First Nation is involved in claims and potential claims arising in the normal course of operations. Any settlements, awards or determination of loss will be reflected in the accounts as the matters are resolved.

14. Segmented information

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

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

15. Related party transactions

During the year, grants and contributions of \$456,849 (2014 - \$669,964) were received from Yellowhead Tribal Council and its related entities. Alexis Nakota Sioux Nation is a member of the Yellowhead Tribal Council through its Unity Agreement. Included in accounts receivable at March 31, 2015 is \$80,000 (2014 - \$128,840) due from a Yellowhead Tribal Council entity.

During the year, revenue of \$666,184 (2014 - \$575,688) was received from Northern ISGA Foundation. Northern ISGA Foundation is the governing body that is responsible for overseeing charitable gaming monies received from Eagle River Casino, of which Alexis Nakota Sioux Nation is a partner. Included in accounts receivable at March 31, 2015 is \$269,538 (2014 - \$68,120) due from Northern ISGA Foundation.

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

ALEXIS NAKOTA SIOUX NATION

Notes to Financial Statements

Year Ended March 31, 2015

16. Risk management

Credit risk arises from the possibility that certain receivables may not be collectible. The majority of receivables are due from funding agencies which minimizes the exposure of non-collection. Alexis Nakota Sioux Nation addresses this risk through constant monitoring of receivables to ensure that amounts are being collected in a timely manner.

Interest rate risk is managed by entering into fixed rate debt agreements in most instances. Alexis Nakota Sioux Nation's exposure to fluctuations in interest rates is minimized as the total variable rate debt is kept to a manageable level

17. Budgeted figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

18. Comparative figures

Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted by the Alexis Nakota Sioux Nation for the year ended March 31, 2015