

**ALEXIS NAKOTA SIOUX NATION**  
Consolidated Financial Statements  
Year Ended March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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The accompanying financial statements of Alexis Nakota Sioux Nation ("Alexis" or "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 Chartered Professional Accountants of Canada and, as such, include amounts that are the best estimates and judgments of management.

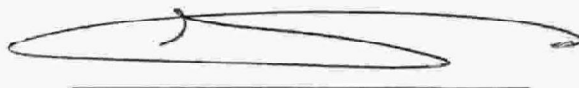
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring 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 Nation and meet when required.

On Behalf of Alexis Nakota Sioux Nation:



Glenevis, Alberta  
July 28, 2017

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## INDEPENDENT AUDITORS' REPORT

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### To the Members of Alexis Nakota Sioux Nation

We have audited the accompanying consolidated financial statements of Alexis Nakota Sioux Nation, which comprise the statement of financial position as at March 31, 2017 and the consolidated statements of operations, changes in net financial assets, changes in accumulated surplus 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alexis Nakota Sioux Nation as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Collins Barrow Edmonton LLP*

Edmonton, Alberta  
July 28, 2017

Chartered Professional Accountants

# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Financial Position

March 31, 2017

	2017	2016 Restated (Note 20)
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 2,265,917	\$ 1,167,711
Restricted cash (Note 3)	3,010,546	2,616,896
Accounts receivable (Notes 4, 16)	1,356,797	1,007,007
Trust funds (Note 5)	341,350	149,044
Due from government organizations (Note 6)	506,889	375,130
Investment in Alexis owned enterprises (Notes 7, 8)	1,019	1,019
Advances to Alexis owned enterprises (Notes 7, 8)	7,792,015	9,707,266
Alexis Settlement Trust (Note 9)	11,829,690	11,796,507
	<b>27,104,223</b>	<b>26,820,580</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 3)	722,425	417,027
Accounts payable and accrued liabilities	1,330,904	1,082,604
Deferred revenue (Note 10)	4,701,828	4,481,349
Trust liabilities	18,200	75,611
Callable debt (Note 11)	-	26,618
Advances from Alexis owned enterprises (Notes 7, 8)	4,934,190	2,039,055
Mortgages payable (Note 12)	3,639,799	3,204,566
	<b>15,347,346</b>	<b>11,326,830</b>
<b>NET FINANCIAL ASSETS</b>	<b>11,756,877</b>	<b>15,493,750</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	-	11,943
Tangible capital assets (Note 13)	16,375,030	14,701,767
	<b>16,375,030</b>	<b>14,713,710</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 28,131,907</b>	<b>\$ 30,207,460</b>

### CONTINGENCIES (Note 14)

Approved by Alexis Nakota Sioux Nation

Chief

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor

Councilor

See notes to consolidated financial statements



# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Operations

Year Ended March 31, 2017

	Budget (Unaudited) (Note 17)	2017	2016 Restated (Note 20)
<b>REVENUES</b>			
Indigenous and Northern Affairs Canada (INAC)	\$ 11,884,877	\$ 13,804,021	\$ 10,082,613
First Nations and Inuit Health (FNIH)	2,102,249	2,057,749	1,889,315
Consultation - assessments	529,959	893,306	1,037,636
Consultation - special projects	-	203,099	152,395
Trust fund transfers	160,000	210,000	205,000
Yellowhead Tribal Council grants and contributions (Note 17)	466,640	452,640	500,884
Northern ISGA Foundation (Note 17)	473,935	506,534	687,749
Alexis Settlement Trust (Note 9)	-	474,358	478,801
Government of Alberta grants	742,026	922,873	599,774
CMHC	-	208,470	329,963
Grants, contributions and other	2,571,586	3,241,156	3,076,196
Contributions carried forward from prior year	178,193	1,284,041	142,181
Deferred revenue - INAC	-	(1,447,202)	(923,897)
Deferred revenue - FNIH	-	-	(121,500)
Deferred revenue - other	(108,151)	(119,040)	-
Inter-program transfers	1,652,228	-	-
	20,653,542	22,692,005	18,137,110
<b>EXPENSES (Schedule 1)</b>			
Administration	2,297,326	3,725,921	3,104,131
Education	3,817,330	4,440,563	3,927,906
Social Assistance	3,716,408	3,824,672	3,583,819
Health	2,246,243	2,036,877	2,053,556
Economic Development	1,508,073	2,104,899	2,565,947
Infrastructure	263,587	1,243,548	987,490
Other	-	718,143	512,500
Capital Projects	10,000	2,065,656	1,461,650
	13,858,967	20,160,279	18,196,999
<b>SURPLUS (DEFICIT) FROM OPERATIONS</b>	6,794,575	2,531,726	(59,889)
<b>OTHER INCOME</b>			
Share of loss from Alexis owned enterprises (Note 8)	-	(4,799,585)	(407,282)
<b>ANNUAL DEFICIT</b>	\$ 6,794,575	\$ (2,267,859)	\$ (467,171)

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

Consolidated Statement of Changes in Net Financial Assets  
Year Ended March 31, 2017

	2017	2016 <i>Restated</i> <i>(Note 20)</i>
<b>ANNUAL DEFICIT</b>	<b>\$ (2,267,859)</b>	<b>\$ (467,171)</b>
Amortization of tangible capital assets	1,264,840	1,293,000
Purchase of tangible capital assets	(2,938,103)	(1,388,895)
Decrease in prepaid expenses	11,943	163,460
Increase in trust funds	192,306	134,765
	<b>(1,469,014)</b>	<b>202,330</b>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(3,736,873)</b>	<b>(264,841)</b>
Net financial assets - beginning of year	15,493,750	15,758,591
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 11,756,877</b>	<b>\$ 15,493,750</b>

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

## Statement of Changes in Accumulated Surplus Year Ended March 31, 2017

	Unrestricted Surplus (Deficit)	Equity in Business Entities	Equity in Tangible Capital Assets	Equity in Trust Funds	Equity in Alexis Settlement Trust	2017	2016 <i>Restated (Note 20)</i>
Accumulated surplus (deficit), beginning of year	\$ (904,522)	\$ 7,669,230	\$ 11,497,201	\$ 149,044	\$ 11,796,507	\$ 30,207,460	\$ 30,539,866
Annual deficit of revenue over expenses	(2,267,859)	-	-	-	-	(2,267,859)	(467,171)
Deficit relating to business entities	4,799,585	(4,799,585)	-	-	-	-	-
Net advances from (to) business entities	10,801	(10,801)	-	-	-	-	-
Acquisition of tangible capital assets	(2,938,103)	-	2,938,103	-	-	-	-
Amortization of tangible capital assets	1,264,840	-	(1,264,840)	-	-	-	-
Net change in long-term debt	435,233	-	(435,233)	-	-	-	-
Net increase in trust funds	-	-	-	192,306	-	192,306	134,765
Net increase (decrease) in Alexis Settlement Trust	(33,183)	-	-	-	33,183	-	-
<b>Accumulated surplus, end of year</b>	<b>\$ 366,792</b>	<b>\$ 2,858,844</b>	<b>\$ 12,735,231</b>	<b>\$ 341,350</b>	<b>\$ 11,829,690</b>	<b>\$ 28,131,907</b>	<b>\$ 30,207,460</b>

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016 <i>Restated</i> <i>(Note 20)</i>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (2,267,859)	\$ (467,171)
Items not affecting cash:		
Amortization of tangible capital assets	1,264,840	1,293,000
Share of loss from Alexis owned enterprises	4,799,585	407,282
	3,796,566	1,233,111
Changes in non-cash working capital:		
Accounts receivable	(349,790)	(217,803)
Due from government organizations	(131,759)	(47,395)
Accounts payable and accrued liabilities	248,300	(448,212)
Deferred revenue	220,479	894,174
Trust liabilities	(57,411)	6,673
Prepaid expenses	11,943	163,460
	(58,238)	350,897
	3,738,328	1,584,008
<b>INVESTING ACTIVITIES</b>		
Net advances (from) to Alexis owned enterprises	10,801	(11,000)
Net increase in Alexis Settlement Trust	(33,183)	(23,394)
Increase in externally restricted cash	(393,650)	244,412
	(416,032)	210,018
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,938,103)	(1,388,895)
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness	305,398	255,640
Repayment of callable debt	(26,618)	(133,799)
Repayment of long term debt	(211,060)	(50,643)
Advance of long term debt	646,293	-
	714,013	71,198
<b>INCREASE IN CASH FLOW</b>	<b>1,098,206</b>	<b>476,329</b>
Cash - beginning of year	1,167,711	691,382
<b>CASH - END OF YEAR</b>	<b>\$ 2,265,917</b>	<b>\$ 1,167,711</b>

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

Consolidated Schedule of Total Expenses by Object  
Year Ended March 31, 2017

(Schedule 1)

	2017	2016 <i>Restated (Note 20)</i>
<b>EXPENSES</b>		
Wages and benefits	\$ 5,551,317	\$ 5,286,682
Other program delivery	1,984,132	1,391,400
Social assistance benefits	1,522,981	1,419,493
Amortization of tangible assets	1,264,840	1,293,000
Professional services	2,260,176	1,131,493
Casual labour	897,141	983,549
Honoraria	832,537	858,799
Tuition	407,155	610,368
Travel	452,196	572,670
Materials and supplies	603,742	549,151
Repairs and maintenance	464,747	542,315
Cultural and recreational events	752,607	485,913
Utilities	469,847	436,404
Office and general	607,737	425,818
Insurance	236,140	341,336
Contract services	445,409	823,793
Training and development	404,382	243,132
Employer benefits	214,895	229,824
Pension benefits	182,068	212,207
Per capita distributions	491,705	200,232
Interest and bank charges	114,525	159,420
	<b>\$ 20,160,279</b>	<b>\$ 18,196,999</b>

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

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## 1. Summary of significant accounting policies

### (a) Basis of presentation

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

### (b) 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 fund accounts is recognized in the statement of financial position as accumulated surplus.

Revenue earned from the Alexis Settlement Trust is recognized in the period in which the events occurred that gave 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.

### (c) 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.

### (d) Cash

Cash consist of cash on hand, bank balance, and bank overdrafts that fluctuate frequently from being positive to overdrawn.

### (e) Alexis Settlement Trust

The Alexis Settlement Trust fund is recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

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# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

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

#### (f) 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 are 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
Equipment	20%	straight-line method
Infrastructure	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-down is accounted for as an expense in the statement of operations.

Contributed capital assets are recorded into revenue 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.

#### (g) Investments in and advances to (from) Alexis owned enterprises

The investments in Alexis Nakota Sioux Nation's government sector entities designated as government business enterprises 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, designated as government business 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.

#### (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.

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# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

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### 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 accrued liabilities, 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 Public Sector Accounting Board of the Chartered Professional Accountants of Canada, but are not yet effective. The Alexis Nakota Sioux Nation is currently evaluating the effect of adopting these standards on their financial statements.

#### 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 reporting entity. 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. This standard is applicable for fiscal years beginning on or after April 1, 2019.

#### 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 the reporting entity's proportionate share of other comprehensive income that arises when a government includes the results of the reporting entity's business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2019.

#### Section PS 2601 – Foreign Currency Translation

This section replaces PS2600 and is applicable for years beginning on or after April 1, 2019. 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.

#### 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, 2019.

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# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

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## 2. Recent accounting pronouncements (*continued*)

### Section PS 3210 - Assets

This new Section provides guidance for applying the definition of assets set out in Section PS 1000, and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This standard is applicable for fiscal years beginning on or after April 1, 2017.

### Section PS 3320 - Contingent Assets

This new Section defines and establishes disclosure standards on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This standard is applicable for fiscal years beginning on or after April 1, 2017.

### Section PS 3380 - Contractual Rights

This new Section defines and establishes disclosure standards on contractual rights. Disclosure of information about contractual rights is required including description about their nature and extent and the timing. This standard is applicable for fiscal years beginning on or after April 1, 2017.

### Section PS 3240 - Inter-entity Transactions

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise the reporting entity from both a provider and recipient perspective. This standard is applicable for fiscal years beginning on or after April 1, 2017.

### Section PS 3440 - Restructuring Transactions

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. This standard is applicable for fiscal years beginning on or after April 1, 2018.

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

## 3. Cash and restricted cash

Cash is comprised of the following:

	2017	2016
<b>Externally restricted</b>		
CMHC Replacement Reserve	\$ 398,251	\$ 34,893
Funds held in trust	8,256	7,374
Term deposit	2,604,039	2,574,629
	<b>3,010,546</b>	<b>2,616,896</b>
Under the terms of an agreement with Canada Mortgage and House Corporation ("CMHC"), Alexis Nakota Sioux Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account.		
<b>Unrestricted</b>		
Operating	(695,299)	(289,866)
Social service	(11,462)	(41,448)
Other	(1,450)	(85,713)
Economic development	(13,671)	-
Multipurpose facility	(543)	-
	<b>(722,425)</b>	<b>(417,027)</b>
Capital assets	463,160	1,160
Education	574,816	584,425
Operating	361,495	-
Health Service	16,065	15,432
Social service	49,177	-
Economic development	-	52,827
Tradition and custom	33,496	15,737
Other	472,934	145,912
<b>Internally restricted</b>	-	-
Multipurpose facility	276,574	276,607
Minors' trust	18,200	75,611
	<b>2,265,917</b>	<b>1,167,711</b>
<b>Total cash and restricted cash</b>	<b>\$ 4,554,038</b>	<b>\$ 3,367,580</b>

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

### 3. Cash and restricted cash (continued)

	2017	2016
Bank indebtedness	\$ (722,425)	\$ (417,027)
Cash	2,265,917	1,167,711
Restricted cash	3,010,546	2,616,896
	<b>\$ 4,554,038</b>	<b>\$ 3,367,580</b>

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% (2016 - prime plus 2.00%). The overdraft is authorized to a maximum outstanding balance of \$600,000 (2016 - \$600,000). The bank indebtedness is collateralized by a Band Council Resolution redirecting AANDC funding.

### 4. Accounts receivable

	2017	2016
Other organizations and entities	\$ 2,051,704	\$ 2,058,922
Band Members' loans and advances	597,482	630,241
	<b>2,649,186</b>	<b>2,689,163</b>
Allowance for doubtful accounts	<b>(1,292,389)</b>	<b>(1,682,156)</b>
Total accounts receivable	<b>\$ 1,356,797</b>	<b>\$ 1,007,007</b>

### 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.

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# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

## 5. Trust funds (continued)

The balances consist of the following:

	2017	2016
<b>Capital fund</b>		
Beginning of year	\$ 94,799	\$ 2,648
Revenue from oil and gas royalties	377,011	331,847
PTF Payment	(80,798)	-
Transfers to programs	(160,000)	(239,696)
End of year	231,012	94,799
<b>Revenue fund</b>		
Beginning of year	54,245	11,631
Revenue from oil and gas royalties	106,093	112,614
Transfers to programs	(50,000)	(70,000)
End of year	110,338	54,245
	\$ 341,350	\$ 149,044

## 6. Due from government organizations

	2017	2016
Federal government		
Indigenous and Northern Affairs Canada	\$ 165,424	\$ 343,973
Health Canada	183,352	16,996
Provincial government	158,113	14,161
	\$ 506,889	\$ 375,130

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

### 7. Investment in and advances to (from) Alexis owned enterprises

	2017		2016	
	Investment	Advances	Investment	Advances
Alexis Hotel Corporation	\$ 10	\$ (3,944,438)	\$ 10	\$ (1,176,426)
Alexis Land Management Corporation	100	(621,749)	100	(604,222)
Alexis Tourism RV park Corporation	-	(368,003)	-	(258,407)
Alexis Casino Corporation	10	-	10	-
		(4,934,190)		(2,039,055)
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	612,038	100	503,925
Alexis Business Development Corporation	100	-	100	-
Alexis Band Oil and Gas Corporation	1	5,894	1	2,219
Alexis Forestry Ltd.	100	-	100	-
Alexis Bank Enterprises Inc.	2	-	2	-
Alexis Service Centre Ltd.	158	200	158	-
Nakota Construction	100	-	100	-
Alexis Management Ltd.	10	-	10	-
Alexis First Nations Business Trust	-	3,309,046	-	3,730,479
Alexis Economic Development Trust	-	287,145	-	287,145
Alexis Nakota Sioux Nation Business Trust	-	901,297	-	2,086,422
Alexis Casino Limited Partnership	-	1,013,830	-	1,434,511
Northern ISGA Foundation	-	1,662,565	-	1,662,565
		7,792,015		9,707,266
	\$ 1,019	\$ 2,857,825	\$ 1,019	\$ 7,668,211

During the year, transactions with Alexis Nakota Sioux Nation owned enterprises were incurred. These transactions were in the normal course of operations and have been recorded at the exchange amount which is the amount of consideration established and agreed upon by the related parties.

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

### 8. Alexis owned enterprises financial statement summary

The summary of the December 31, 2016 financial statements for the business enterprises listed in note 7 are as follows:

#### Balance Sheet - December 31, 2016

Cash	\$ 3,838,360	\$ 5,270,163
Accounts receivable	2,219,605	2,266,159
Inventory	345,068	345,455
Goods and services tax recoverable	39,262	49,224
Prepaid expenses	652,591	718,714
Due from related parties	1,355,887	1,192,509
Property and equipment	25,266,228	26,176,007
Long term investments	3,975,641	4,005,527
Goodwill	1	1
<b>Total assets</b>	<b>37,692,643</b>	<b>40,023,759</b>
Bank indebtedness	8,759	33,264
Accounts payable	2,524,782	2,452,041
Goods and services tax payable	6,756	14,283
Callable debt	1,335,094	1,406,264
Wages payable	82,420	61,752
Deferred revenue	4,825	4,825
Long term debt	30,333,991	29,531,001
Future site restoration costs	6,834	6,834
Due to related party	2,808,560	2,628,299
<b>Total liabilities</b>	<b>37,112,021</b>	<b>36,138,563</b>
Share capital	410	410
Retained earnings	580,212	3,884,786
<b>Total liabilities and equity</b>	<b>37,692,643</b>	<b>40,023,759</b>

#### Income Statement - December 31, 2016

Revenue	\$ 17,880,368	\$ 20,280,254
Expenses	(21,125,781)	(21,778,459)
Other income (expenses)	(1,554,172)	1,090,923
<b>Net income</b>	<b>\$ (4,799,585)</b>	<b>\$ (407,282)</b>

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

### 9. 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:

	2017	2016
Cash and cash equivalents	\$ 423,863	\$ 450,264
Fixed income securities	7,443,691	7,520,084
Equity securities	3,962,136	3,826,159
	<b>\$ 11,829,690</b>	<b>\$ 11,796,507</b>

The market value of the above settlement funds is \$13,220,488 (2016 - \$12,718,797).

During the year, the investment income available for distribution was \$474,358 (2016 - \$478,801) and the investment management fees and other costs paid were \$105,864 (2016 - \$108,028). The amounts transferred to the Alexis Nakota Sioux Nation's programs were \$393,993 (2016 - \$537,006).

### 10. Deferred revenue

	Balance March 31, 2016	Funding received 2017	Revenue recognized 2017	2017
Federal government				
First Nation and Inuit Health	\$ 121,500	\$ -	\$ 121,500	\$ -
Indigenous and Northern Affairs Canada	923,897	1,447,202	821,925	1,549,174
	1,045,397	1,447,202	943,425	1,549,174
Provincial government				
Economic Development	186,189	-	180,189	6,000
Social	-	128,500	20,349	108,151
	186,189	128,500	200,538	114,151
Other				
Unearned fees	170,308	89,640	170,308	89,640
Environmental research	160,000	-	160,000	-
Multi-purpose facility	2,919,455	29,408	-	2,948,863
	3,249,763	119,048	330,308	3,038,503
	<b>\$ 4,481,349</b>	<b>\$ 1,694,750</b>	<b>\$ 1,474,271</b>	<b>\$ 4,701,828</b>

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

### 11. Callable debt

	2017	2016
TD Canada Trust demand loan bearing interest at the bank prime plus 2%, repayable at 11,458 per month principal plus interest - fully repaid during year.	\$ -	\$ 26,618

### 12. Mortgages payable

	2017	2016
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 INAC, for the purpose of housing.	\$ 156,952	\$ 170,080
CMHC 9002 loan bearing interest at 1.48% (2016 - 1.80%) per annum, repayable in monthly blended payments of \$1,232 (2016 - \$1,260). The loan matures on October 1, 2031, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	194,449	205,791
CMHC 9003 loan bearing interest at 1.53% per annum, repayable in monthly blended payments of \$3,089. The loan matures on December 31, 2017, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	363,079	393,914
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 INAC, for the purpose of housing.	220,660	231,012
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 INAC, for the purpose of housing.	144,339	154,741
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 INAC, for the purpose of housing.	232,440	243,291
CMHC 9007 loan bearing interest at 0.96% (2016 - 2.75%) per annum, repayable in monthly blended payments of \$1,716 (2016 - \$2,026). The loan matures on October 1, 2031, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	361,652	376,952

(continues)



# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

## 12. Mortgages payable (continued)

	2017	2016
CMHC 9008 loan bearing interest at 2.75% per annum, repayable in monthly blended payments of \$2,349. The loan matures on April 1, 2021, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	413,727	432,577
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 INAC, for the purpose of housing.	459,622	505,163
CMHC 9009 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 INAC, for the purpose of housing.	446,586	491,045
CMHC mortgage partial advance 2016/2017 Reserve Rental Housing Program. The advance is collateralized by a ministerial guarantee from INAC, for the purpose of housing.	646,293	-
	<b>\$ 3,639,799</b>	<b>\$ 3,204,566</b>

Principal repayment terms are approximately:

2018	\$ 633,106
2019	1,275,770
2020	258,829
2021	50,619
2022	775,182
Thereafter	646,293
	<b>\$ 3,639,799</b>

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2017

## 13. Tangible capital assets

	Cost			2017 Balance
	2016 Balance <i>Unaudited</i> <i>(Note 18)</i>	Additions	Disposals	
Housing	\$ 11,854,219	\$ 1,602,107	\$ -	\$ 13,456,326
General Equipment	2,496,434	40,000	-	2,536,434
Band Buildings	11,044,520	1,018,903	-	12,063,423
Roads	2,141,180	-	-	2,141,180
Subdivision	2,337,938	-	-	2,337,938
Water Treatment Plant	2,438,304	277,093	-	2,715,397
Sewage Lagoon	6,596,730	-	-	6,596,730
	<b>\$ 38,909,325</b>	<b>\$ 2,938,103</b>	<b>\$ -</b>	<b>\$ 41,847,428</b>

	Accumulated Amortization			2017 Balance
	2016 Balance	Amortization	Accumulated Amortization on Disposals	
Housing	\$ 6,664,063	\$ 475,347	\$ -	\$ 7,139,410
General Equipment	2,496,434	6,000	-	2,502,434
Band Buildings	8,933,771	259,160	-	9,192,931
Roads	1,548,373	68,093	-	1,616,466
Subdivision	1,552,513	93,518	-	1,646,031
Water Treatment Plant	901,627	98,853	-	1,000,480
Sewage Lagoon	2,110,777	263,869	-	2,374,646
	<b>\$ 24,207,558</b>	<b>\$ 1,264,840</b>	<b>\$ -</b>	<b>\$ 25,472,398</b>

	Net Book Value	
	2017	2016 <i>Unaudited</i> <i>(Note 18)</i>
Housing	\$ 6,316,916	\$ 5,190,156
General Equipment	34,000	-
Band Buildings	2,870,492	2,110,749
Roads	524,714	592,807
Subdivision	691,907	785,425
Water Treatment Plant	1,714,917	1,536,677
Sewage Lagoon	4,222,084	4,485,953
	<b>\$ 16,375,030</b>	<b>\$ 14,701,767</b>

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2017

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### 14. Contingencies

Alexis Nakota Sioux Nation is involved in claims and potential claims arising in the normal course of operations and is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Any settlements, awards or determination of loss will be reflected in the accounts in the year in which the matters are resolved.

Government funding relating to programs of the Alexis Nakota Sioux Nation are subject to conditions relating to the expenditure of funds. These programs are subject to audit by the various funding agencies. Should an instance be identified in which the amounts expended to the programs are not in accordance with the terms and conditions, amounts could be required to be repaid to the respective funding sources. Adjustments to the financial statements as a result of these audits will be recorded in the year in which they become known.

### 15. 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 \$182,068 (2016 - \$212,207) to the pension plan.

### 16. 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.

### 17. Related party transactions

During the year, grants and contributions of \$452,640 (2016 - \$500,884) 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, 2017 is \$21,424 (2016 - \$58,911) due from a Yellowhead Tribal Council entity.

During the year, revenue of \$506,534 (2016 - \$687,749) 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, 2017 is \$75,981 (2016 - \$10,000) 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 Consolidated Financial Statements

Year Ended March 31, 2017

### 18. 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.

### 19. Budgeted figures

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

### 20. Comparative figures

Certain 2016 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, 2017.

### 21. Prior period adjustment

During the year, management identified adjustments to be made to the prior year financial statements. Expenditures for capital were not recorded as additions to Tangible capital assets.

	Previously Reported	Adjustment	Restated
Tangible capital assets	\$ 14,031,962	\$ 669,804	\$ 14,701,766
Accumulated Surplus	29,537,656	669,804	30,207,460
Annual Excess (Deficit) of Revenue Over Expenses	(1,136,977)	669,804	467,171