

(0437) 30-0005-13.14 PFA

**ALEXIS NAKOTA SIOUX NATION**  
Financial Statements  
March 31, 2014

HAND DELIVERED TO: John Benedik  
name  
ON July 29 '14 JB  
Date Initials

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**JUL 29 2014**

ABORIGINAL AFFAIRS & NORTHERN  
DEVELOPMENT CANADA  
ALBERTA REGION

 **Collins Barrow**  
Chartered Accountants

## **Management's Report**

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

The accompanying financial statements of Alexis Nakota Sioux 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:

A handwritten signature in black ink, consisting of several overlapping loops and strokes, followed by a horizontal line.

July 28, 2014

**INDEPENDENT AUDITORS' REPORT****To the Members of Alexis Nakota Sioux Nation**

www.collinsbarrow.com

We have audited the accompanying financial statements of Alexis Nakota Sioux Nation, which comprise the statement of financial position as at March 31, 2014, 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, 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***

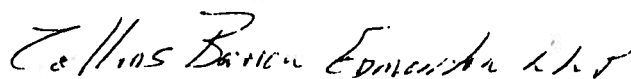
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 auditors' 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, these financial statements present fairly, in all material respects, the financial position of Alexis Nakota Sioux Nation as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

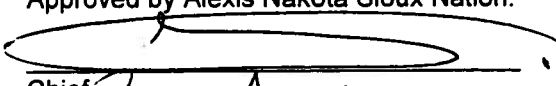
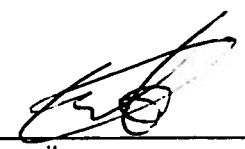

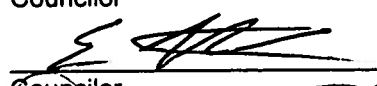
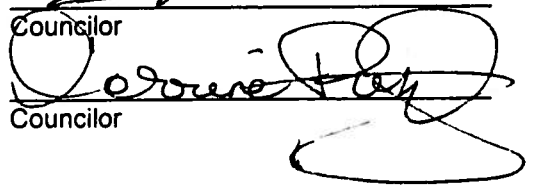
Edmonton, Alberta  
July 28, 2014

Chartered Accountants

**ALEXIS NAKOTA SIOUX NATION**

## Statement of Financial Position

March 31, 2014

	March 31, 2014	March 31, 2013
<b>Financial Assets</b>		
Cash (Note 2)	\$ 768,395	\$ 697,005
Restricted cash (Note 2)	3,342,743	222,920
Accounts receivable (Notes 3 and 12)	557,091	658,637
Trust funds (Note 4)	659,925	670,423
Due from government organizations (Note 5)	450,363	533,225
Investments in Alexis Nakota Sioux Nation owned enterprises (Note 6)	1,019	1,019
Advances to Alexis Nakota Sioux Nation owned enterprises (Note 6)	1,797,459	1,252,762
Alexis Settlement Trust (Note 7)	<u>11,679,305</u>	<u>11,561,900</u>
<b>Total financial assets</b>	<u>19,256,300</u>	<u>15,597,891</u>
<b>Liabilities</b>		
Bank indebtedness (Note 2)	591,959	652,149
Accounts payable and accrued liabilities	1,077,641	831,079
Trust liabilities	75,973	62,403
Deferred revenue (Note 8)	3,584,741	656,113
Advances from Alexis Nakota Sioux Nation owned enterprises (Note 6)	2,109,787	1,733,366
Long-term debt (Note 9)	<u>2,679,758</u>	<u>2,541,857</u>
<b>Total liabilities</b>	<u>10,119,859</u>	<u>6,476,967</u>
<b>Net financial assets</b>	<u>9,136,441</u>	<u>9,120,924</u>
<b>Non-financial assets</b>		
Deposits and prepaid expenses	218,453	107,171
Tangible capital assets (Schedule 1)	<u>14,580,440</u>	<u>15,961,338</u>
<b>Total non-financial assets</b>	<u>14,798,893</u>	<u>16,068,509</u>
<b>Accumulated surplus (Schedule 3)</b>	<u>\$ 23,935,334</u>	<u>\$ 25,189,433</u>
<b>Contingencies (Note 10)</b>		
See accompanying notes		
Approved by Alexis Nakota Sioux Nation:		
 Chief	 Councilor	
 Councilor	 Councilor	
 Councilor	 Councilor	
 Councilor		

**ALEXIS NAKOTA SIOUX NATION**  
**Statement of Operations**  
**For the Year Ended March 31, 2014**

	Budget 2014 (Unaudited)	2014	2013
<b>Revenues</b>			
AANDC	\$ 11,319,876	\$ 9,012,468	\$ 11,624,891
FNIH	1,670,186	1,755,878	1,712,298
Consultation - assessments	450,000	683,232	975,990
Consultation - special projects	57,718	33,348	74,718
Trust fund transfers (supplementary schedules 1 and 2)	759,920	637,786	759,920
Yellowhead Tribal grants and contributions (Note 12)	888,385	669,964	775,504
Northern ISGA Foundation (Note 12)	632,500	575,688	578,874
Alexis Settlement Trust (Note 7)	596,687	560,077	563,310
Government of Alberta grants	286,665	498,887	304,142
CMHC	145,417	176,723	191,359
Grants, contributions and other	1,909,625	3,632,935	2,462,304
Contributions carried forward from prior year	—	58,347	8,164
	<u>18,716,979</u>	<u>18,295,333</u>	<u>20,031,474</u>
<b>Expenses</b>			
Administration	2,434,403	3,345,164	3,278,187
Education	3,755,193	4,109,476	3,460,403
Social Assistance	3,296,641	3,416,267	3,263,615
Economic Development	4,660,241	3,185,093	5,929,814
Health	1,822,352	1,852,051	1,876,122
Infrastructure	767,549	1,380,087	879,405
Capital Projects	479,628	1,672,443	1,922,779
Other	177,516	674,161	585,082
	<u>17,393,523</u>	<u>19,634,742</u>	<u>21,195,407</u>
<b>Annual deficit from operations</b>	1,323,456	(1,339,409)	(1,163,933)
<b>Other income (loss)</b>			
Share of income (loss) from Alexis Nakota Sioux Nation owned enterprises	---	95,808	(158,291)
<b>Annual deficit of revenues over expenses</b>	<u>\$ 1,323,456</u>	<u>\$ (1,243,601)</u>	<u>\$ (1,322,224)</u>

See accompanying notes

**ALEXIS NAKOTA SIOUX NATION**  
**Statement of Changes in Net Financial Assets**  
**For the Year Ended March 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Annual deficit of revenues over expenses</b>	<b>\$ (1,243,601)</b>	<b>\$ (1,322,224)</b>
Acquisition of tangible capital assets	<b>(141,818)</b>	<b>(92,389)</b>
Amortization of tangible capital assets	<b><u>1,522,716</u></b>	<b><u>1,595,360</u></b>
	<b><u>137,297</u></b>	<b><u>180,747</u></b>
Increase in deposits and prepaid expenses	<b>(111,282)</b>	<b>(29,319)</b>
Change in trust funds	<b><u>(10,498)</u></b>	<b><u>(46,522)</u></b>
	<b><u>(121,780)</u></b>	<b><u>(75,841)</u></b>
<b>Increase in net financial assets</b>	<b>15,517</b>	<b>104,906</b>
<b>Net financial assets, beginning of year</b>	<b><u>9,120,924</u></b>	<b><u>9,016,018</u></b>
<b>Net financial assets, end of year</b>	<b><u>\$ 9,136,441</u></b>	<b><u>\$ 9,120,924</u></b>

*See accompanying notes*

**ALEXIS NAKOTA SIOUX NATION**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2014**

	2014	2013
<b>Cash Provided by (Used in):</b>		
<b>Operating Activities</b>		
Deficit of revenues over expenses	\$ (1,243,601)	\$ (1,322,224)
Add (deduct) items not affecting cash:		
Amortization of tangible capital assets	1,522,716	1,595,360
Share of loss (income) from Alexis Nakota Sioux Nation owned enterprises	<u>(95,808)</u>	<u>158,291</u>
	<u>183,307</u>	<u>431,427</u>
<b>Changes in non-cash working capital balances:</b>		
Accounts receivable	101,546	305,774
Deposits and prepaid expenses	(111,282)	(29,319)
Trust liability for minor children	13,570	—
Accounts payable and accrued liabilities	246,562	(290,283)
Deferred revenue	2,928,628	183,508
Due from government organizations	<u>82,862</u>	<u>(273,910)</u>
	<u>3,261,886</u>	<u>(104,230)</u>
	<u>3,445,193</u>	<u>327,197</u>
<b>Financing Activities</b>		
Repayment of long-term debt	(105,349)	(131,027)
Proceeds of long-term debt	243,250	—
Net decrease in bank indebtedness	<u>(60,190)</u>	<u>(3,199)</u>
	<u>77,711</u>	<u>(134,226)</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	<u>(141,818)</u>	<u>(92,389)</u>
<b>Investing Activities</b>		
Increase in externally restricted assets	(3,119,823)	(222,920)
Net advances to Alexis Nakota Sioux Nation owned enterprises	(72,468)	334,095
Net decrease (increase) in Alexis Settlement Trust	<u>(117,405)</u>	<u>90,067</u>
	<u>(3,309,696)</u>	<u>201,242</u>
<b>Net increase in cash</b>	<b>71,390</b>	<b>301,824</b>
<b>Cash, beginning of year</b>	<u><b>697,005</b></u>	<u><b>395,181</b></u>
<b>Cash, end of year</b>	<u><b>\$ 768,395</b></u>	<u><b>\$ 697,005</b></u>

*See accompanying notes*

**ALEXIS NAKOTA SIOUX NATION**  
Schedule of Tangible Capital Assets  
For the Year Ended March 31, 2014

Schedule 1

	2014				2013
	Band Buildings/ Housing \$	Mobile Homes \$	Equipment \$	Infrastructure \$	Total \$
<b>COST</b>					
Balance, beginning of the year	10,959,364	10,333,548	3,726,379	12,171,537	37,190,828
Acquisition of tangible capital assets	—	37,068	104,750	—	141,818
Balance, end of the year	10,959,364	10,370,616	3,831,129	12,171,537	37,332,646
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of the year	7,935,605	5,295,169	3,356,219	4,642,497	21,229,490
Annual amortization	409,385	452,568	173,941	486,822	1,522,716
Balance, end of the year	8,344,990	5,747,737	3,530,160	5,129,319	22,752,206
<b>Net book value of tangible capital assets</b>	<b>2,614,374</b>	<b>4,622,879</b>	<b>300,969</b>	<b>7,042,218</b>	<b>14,580,440</b>
2013 net book value of tangible capital assets	3,023,759	5,038,379	370,160	7,529,040	15,961,338

See accompanying notes



**ALEXIS NAKOTA SIOUX NATION**  
**Schedule of Total Expenses by Object**  
**For the Year Ended March 31, 2014**

Schedule 2

	<b>2014</b>	<b>2013</b>
Wages and benefits	<b>\$ 6,829,369</b>	<b>\$ 5,543,890</b>
Social assistance benefits	<b>1,662,115</b>	<b>1,789,016</b>
Amortization of tangible capital assets	<b>1,522,716</b>	<b>1,595,360</b>
Contract services	<b>562,991</b>	<b>413,322</b>
Travel	<b>399,808</b>	<b>386,524</b>
Tuition	<b>641,747</b>	<b>635,434</b>
Professional services	<b>1,982,733</b>	<b>855,816</b>
Utilities	<b>521,195</b>	<b>494,456</b>
Materials and supplies	<b>369,132</b>	<b>306,405</b>
Cultural and recreational events	<b>638,049</b>	<b>385,963</b>
Per capita distributions	<b>436,423</b>	<b>337,373</b>
Office and general	<b>597,999</b>	<b>560,577</b>
Repairs and maintenance	<b>199,933</b>	<b>125,275</b>
Interest and bank charges	<b>104,866</b>	<b>117,145</b>
Insurance	<b>249,212</b>	<b>179,870</b>
Pension benefits	<b>190,725</b>	<b>117,616</b>
Training and development	<b>282,723</b>	<b>150,619</b>
Other program delivery	<b><u>2,443,006</u></b>	<b><u>7,200,746</u></b>
	<b><u>\$ 19,634,742</u></b>	<b><u>\$ 21,195,407</u></b>

*See accompanying notes*

**ALEXIS NAKOTA SIOUX NATION**  
Schedule of Changes in Accumulated Surplus  
For the Year Ended March 31, 2014

Schedule 3

	2014					2013
	Unrestricted Surplus (Deficit) \$	Equity in Business Entities \$	Equity in Tangible Capital Assets \$	Equity in Trust Funds \$	Equity in Alexis Settlement Trust \$	Total \$
Accumulated surplus (deficit), beginning of year	17,213	(479,585)	13,419,482	670,423	11,561,900	25,189,433
Deficit of revenues over expenses						26,558,179
Deficit (surplus) relating to business entities	(1,243,601)	—	—	—	—	(1,322,224)
Net advances from (to) business entities	(95,808) (72,468)	95,808 72,468	— —	— —	— —	— —
Acquisition of tangible capital assets	(141,818)	—	141,818	—	—	—
Amortization of tangible capital assets	1,522,716	—	(1,522,716)	—	—	—
Net change in long-term debt	137,901	—	(137,901)	—	—	—
Net decrease in trust funds	—	—	—	(10,498)	—	(10,498)
Net increase (decrease) in Alexis Settlement Trust	(117,405)	—	—	—	117,405	—
Accumulated surplus (deficit), end of year	<u>6,730</u>	<u>(311,309)</u>	<u>11,900,683</u>	<u>659,925</u>	<u>11,679,305</u>	<u>23,935,334</u>
						25,189,433

See accompanying notes

**1. Significant Accounting Policies**

**Basis of presentation**

These financial statements have been 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").

**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.

**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.

**Tangible capital assets**

Tangible capital assets are stated at cost which 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 asset 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. In the year of acquisition, one-half of the normal rate of available amortization is charged.

Tangible capital assets are written down when conditions indicate that they no longer contribute to 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 are accounted for as expenses in the 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.

**1. Summary of Significant Accounting Policies (Continued)**

**Revenue recognition**

Funding received under the terms of agreements is 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 included 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 included in the statement of financial position as deferred revenue. The uncommitted balance in the trust funds accounts is included 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 included in the statements of financial position as deferred revenue.

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

**Investments in and advances to Alexis Nakota Sioux Nation 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.

**Pension expenditures**

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 \$190,725 (2013 - \$117,616) to the pension plan.

**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, deficit of revenues over expenses and the net change in the trust funds provides the change in net financial assets for the year.

# ALEXIS NAKOTA SIOUX NATION

## Notes to the Financial Statements

March 31, 2014

### 1. Summary of Significant Accounting Policies (Continued)

#### 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. Cash and Restricted Cash

Cash and restricted cash are comprised of the following:

	<u>2014</u>	<u>2013</u>
<b>Externally restricted</b>		
CMHC Replacement Reserve	\$ 231,524	\$ 222,920
Funds held in trust	588,330	—
Term deposit	<u>2,522,889</u>	<u>—</u>
	<u>3,342,743</u>	<u>222,920</u>
<b>Internally restricted</b>		
Multipurpose facility	395,252	446,616
Minors' trust	<u>75,973</u>	<u>70,847</u>
	<u>471,225</u>	<u>517,463</u>
<b>Unrestricted</b>		
Operating	(569,635)	(569,855)
Social services	27,857	(16,004)
Capital assets	(24)	8,233
Education	16,976	11,206
Health services	35,080	(15,424)
Economic development	62,972	24,761
Other	<u>131,985</u>	<u>84,476</u>
	<u>(294,789)</u>	<u>(472,607)</u>
<b>Total cash and restricted cash</b>	<u>\$ 3,519,179</u>	<u>\$ 267,776</u>

Cash and restricted cash are comprised of:

	<u>2014</u>	<u>2013</u>
Bank indebtedness	\$ (591,959)	\$ (652,149)
Cash	768,395	697,005
Restricted cash	<u>3,342,743</u>	<u>222,920</u>
	<u>\$ 3,519,179</u>	<u>\$ 267,776</u>

**ALEXIS NAKOTA SIOUX NATION**  
**Notes to the Financial Statements**  
**March 31, 2014**

**2. Cash (Continued)**

Under the terms of an agreement with Canada Mortgage and Housing 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.

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 multi-purpose 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% (2013 - prime plus 1.25%). The overdraft is authorized to a maximum outstanding balance of \$600,000 (2013 - \$600,000). The bank indebtedness is collateralized by a Band Council Resolution redirecting AANDC funding.

The term deposit is restricted for use for the construction of a new multi-purpose facility. Any interest earned is also restricted for this purpose. As of March 31, 2014, construction had not commenced and \$2,522,889 has been recorded as deferred revenue

**3. Accounts receivable**

	<u>2014</u>	<u>2013</u>
Other organizations and entities	\$ 1,284,463	\$ 1,120,217
Band Members' loans and advances	<u>633,514</u>	<u>622,445</u>
	1,917,977	1,742,662
Allowance for doubtful accounts	<u>(1,360,886)</u>	<u>(1,084,025)</u>
Total accounts receivable	<u>\$ 557,091</u>	<u>\$ 658,637</u>

**4. 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 moneys 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.

**ALEXIS NAKOTA SIOUX NATION**  
**Notes to the Financial Statements**  
**March 31, 2014**

**4. Trust funds (Continued)**

The balances consist of the following:

	<u>2014</u>	<u>2013</u>
<b>Capital fund</b>		
Beginning of year	\$ 606,396	\$ 624,239
Revenue from oil and gas royalties	322,724	532,527
Transfers to programs	<u>(365,000)</u>	<u>(550,370)</u>
Net change in restricted balance	<u>(42,276)</u>	<u>(17,843)</u>
End of year	<u>564,120</u>	<u>606,396</u>
<b>Revenue fund</b>		
Beginning of year	64,027	92,706
Revenue from leases and rentals	141,778	181,321
Transfers to programs	<u>(110,000)</u>	<u>(210,000)</u>
Net change in restricted balance	<u>31,778</u>	<u>(28,679)</u>
End of year	<u>95,805</u>	<u>64,027</u>
<b>Total trust funds</b>	<u><b>\$ 659,925</b></u>	<u><b>\$ 670,423</b></u>

**5. Due from Government Organizations**

	<u>2014</u>	<u>2013</u>
Federal government		
Aboriginal Affairs and Northern Development Canada	\$ 386,893	\$ 467,465
Health Canada	34,256	30,856
Provincial government	<u>29,214</u>	<u>34,904</u>
	<u><b>\$ 450,363</b></u>	<u><b>\$ 533,225</b></u>

**ALEXIS NAKOTA SIOUX NATION****Notes to the Financial Statements****March 31, 2014****6. Investments in and advances to Alexis Nakota Sioux Nation owned enterprises**

The balances consist of the following:

	2014		2013	
	<u>Investment</u>	<u>Advances</u>	<u>Investment</u>	<u>Advances</u>
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	---	100	---
Alexis Business Development Corporation	100	---	100	---
Alexis Band Oil & Gas Corporation	1	(1,410,961)	1	(1,438,366)
Alexis Forestry Ltd.	100	---	100	---
Alexis Band Enterprises Inc.	2	---	2	---
Alexis Service Centre Ltd.	158	---	158	---
Alexis Land Management Corporation	100	(548,232)	100	(277,480)
Nakota Construction	100	---	100	---
Alexis Management Ltd.	10	---	10	---
Alexis Tourism RV Park Corporation	---	(150,594)	---	(17,520)
Alexis First Nations Business Trust	---	1,501,762	---	1,252,762
Alexis Economic Development Trust	---	295,697	---	---
	<u>\$ 1,019</u>	<u>\$ (312,328)</u>	<u>\$ 1,019</u>	<u>\$ (480,604)</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 the Financial Statements****March 31, 2014****7. 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>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 362,784	\$ 376,644
Fixed income securities	7,421,186	7,421,186
Equity securities	<u>3,895,335</u>	<u>3,764,070</u>
	<u><u>\$ 11,679,305</u></u>	<u><u>\$ 11,561,900</u></u>

The market value of the above settlement funds is \$12,746,156 (2013 - \$12,377,866).

During the year, the investment income available for distribution was \$457,775 (2013 - \$441,788) and the investment management fees paid were \$102,302 (2013 - \$121,522). The amounts transferred to the Sioux Nation's programs were \$423,808 (2013 - \$323,540).

**8. Deferred Revenue**

	<u>Balance, March 31, 2013</u>	<u>Funding Received 2014</u>	<u>Revenue Recognized 2014</u>	<u>Balance March 31, 2014</u>
Federal Government				
Health Canada Carry forward	\$ ---	\$ 126,450	\$ ---	\$ 126,450
AANDC	<u>80,000</u>	<u>6,400</u>	<u>80,000</u>	<u>6,400</u>
	<u>80,000</u>	<u>132,850</u>	<u>80,000</u>	<u>132,850</u>
Provincial Government				
Economic Development	<u>32,310</u>	<u>150,000</u>	<u>32,310</u>	<u>150,000</u>
Other				
Unearned fees	97,187	75,000	128,437	43,750
Environmental research	---	373,399	33,399	340,000
Multi-purpose facility	<u>446,616</u>	<u>2,522,889</u>	<u>51,364</u>	<u>2,918,141</u>
	<u>543,803</u>	<u>2,971,288</u>	<u>213,200</u>	<u>3,301,891</u>
Total	<u><u>\$ 656,113</u></u>	<u><u>\$ 3,254,138</u></u>	<u><u>\$ 325,510</u></u>	<u><u>\$ 3,584,741</u></u>

**ALEXIS NAKOTA SIOUX NATION****Notes to the Financial Statements****March 31, 2014****9. Long-term debt**

	<u>2014</u>	<u>2013</u>
CMHC mortgage bearing interest at 1.62% per annum, repayable at \$1,332 per month including interest, due March 2018, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>\$ 195,879</b>	<b>\$ 208,586</b>
CMHC mortgage bearing interest at 1.80% per annum, repayable at \$1,260 per month including interest, due October 2016, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>227,926</b>	<b>238,855</b>
CMHC mortgage bearing interest at 1.53% per annum, repayable at \$3,089 per month including interest, due December 2017, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>454,560</b>	<b>484,452</b>
CMHC mortgage bearing interest at 2.14% per annum, repayable at \$1,291 per month including interest, due March 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>251,403</b>	<b>259,943</b>
CMHC mortgage bearing interest at 2.17% per annum, repayable at \$1,155 per month including interest, due March 2019, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>175,118</b>	<b>185,082</b>
CMHC mortgage bearing interest at 1.99% per annum, repayable at \$1,332 per month including interest, due May 2014, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>264,690</b>	<b>270,832</b>
CMHC mortgage bearing interest at 2.75% per annum, repayable at \$2,349 per month including interest, due February 2016, collateralized by a ministerial guarantee from AANDC, for the purpose of housing	<b>463,397</b>	<b>478,680</b>
CMHC mortgage bearing interest at 2.75% per annum, repayable at \$2,026 per month including interest, due June 2016, collateralized by ministerial guarantee from AANDC, for the purpose of housing	<b>403,335</b>	<b>415,427</b>
CMHC mortgage partial advance 2012/2013 Reserve Rental Housing Program	<b>123,450</b>	<b>---</b>
CMHC mortgage partial advance 2011/2012 Reserve Rental Housing Program	<b><u>120,000</u></b>	<b><u>---</u></b>
	<b><u>\$ 2,679,758</u></b>	<b><u>\$ 2,541,857</u></b>

**ALEXIS NAKOTA SIOUX NATION**  
**Notes to the Financial Statements**  
**March 31, 2014**

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**9. Long-term debt (Continued)**

Future estimated principal payments on long-term debt are as follows:

2015	\$ 368,589
2016	537,750
2017	647,869
2018	540,513
2019	<u>585,037</u>
	<u>\$ 2,679,758</u>

	<u>2014</u>	<u>2013</u>
Interest expense for the year on long-term debt	<u>\$ 58,197</u>	<u>\$ 73,383</u>

**10. Contingencies**

Alexis Nakota Sioux Nation (the "First Nation") is contingently liable for a letter of credit issued from TD Canada Trust in the amount of \$25,000 to the Minister of Advanced Education and Career Development for the upgrading of a school.

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 defense of this action. Accordingly no liability has been recorded in the financial statements.

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 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.

The First Nation is required to pay a settlement of \$275,000 related to a lawsuit where the First Nation had not paid severance to laid-off teaching staff. As part of the settlement Alexis Nakota Sioux Nation agreed to pay \$275,000 to the teachers and is recorded in current year under wages and benefits. During the year, amendments were made to pay the settlement in monthly instalments over a ten month period. The balance remaining is as follows:

Legal settlement	\$ 275,000
Less: Amount paid	<u>(60,000)</u>
Legal settlement payable	<u>\$ 215,000</u>

# ALEXIS NAKOTA SIOUX NATION

## Notes to the Financial Statements

March 31, 2014

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### 11. 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.

### 12. Related party transactions

During the year, grants and contributions of \$669,964 (2013 - \$775,504) 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, 2014 is \$128,840 (2013 - \$3,500) due from a Yellowhead Tribal Council entity.

During the year, revenue of \$575,688 (2013 - \$578,874) 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, 2014 is \$68,120 (2013 - \$185,259) due from Northern ISGA Foundation.

### 13. 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.

### 14. Budgeted Figures

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

### 15. Comparative figures

Certain 2013 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, 2014.