

ALEXIS NAKOTA SIOUX NATION
Consolidated Financial Statements
Year Ended March 31, 2018

RECEIVED

JUL 30 2018

**ABORIGINAL AFFAIRS & NORTHERN
DEVELOPMENT CANADA
ALBERTA REGION**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated 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.

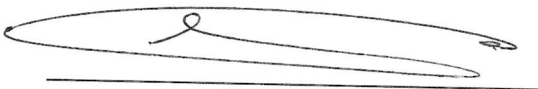
Management is responsible for the integrity and objectivity of these consolidated statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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

The Council meets periodically with management, as well as the external 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 consolidated 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 Consolidated financial statements. The external auditors have full and free access to financial management of Alexis Nakota Sioux Nation and meet with management when required.

On Behalf of Alexis Nakota Sioux Nation:



Glenevis, Alberta
July 27, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of Alexis Nakota Sioux Nation

We have audited the accompanying consolidated financial statements of Alexis Nakota Sioux Nation, which comprise the consolidated 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, 2018 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

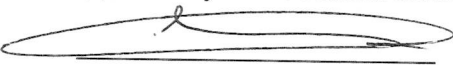
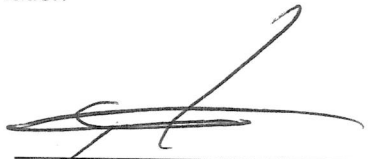
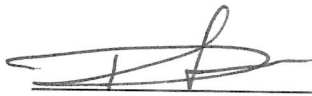
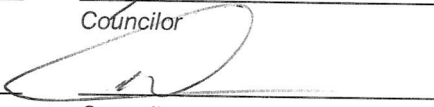
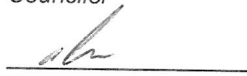
Edmonton, Alberta
July 27, 2018

Chartered Professional Accountants

ALEXIS NAKOTA SIOUX NATION

Consolidated Statement of Financial Position

March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash (Note 3)	\$ 8,648,974	\$ 2,265,917
Restricted cash (Note 3)	2,653,048	3,010,546
Accounts receivable (Notes 4, 16)	143,041	1,356,797
Trust funds (Note 5)	352,433	341,350
Due from government organizations (Note 6)	145,523	506,889
Investment in Alexis owned enterprises (Notes 7, 8)	1,019	1,019
Advances to Alexis owned enterprises (Notes 7, 8)	21,757,428	7,792,015
Alexis Settlement Trust (Note 9)	11,420,884	11,829,690
	45,122,350	27,104,223
LIABILITIES		
Bank indebtedness (Note 3)	626,684	722,425
Accounts payable and accrued liabilities	2,049,286	1,330,904
Deferred revenue (Note 10)	10,493,040	4,701,828
Trust liabilities	18,200	18,200
Advances from Alexis owned enterprises (Notes 7, 8)	1,088,984	4,934,190
Mortgages payable (Note 11)	4,078,752	3,639,799
	18,354,946	15,347,346
NET FINANCIAL ASSETS	26,767,404	11,756,877
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	18,352,256	16,375,030
Accumulated surplus	\$ 45,119,660	\$ 28,131,907
CONTINGENCIES (Note 13)		
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 Note 19	2018	2017
REVENUES			
Indigenous and Northern Affairs Canada (INAC)	\$ 8,470,848	\$ 17,609,084	\$ 13,804,021
First Nations and Inuit Health (FNIH)	3,035,665	3,407,560	2,057,749
Consultation - assessments	-	1,065,284	893,306
Consultation - special projects	-	143,500	203,099
Trust fund transfers	431,600	431,600	210,000
Yellowhead Tribal Council grants and contributions (Note 16)	419,240	499,638	452,640
Northern ISGA Foundation (Note 16)	391,501	617,481	506,534
Alexis Settlement Trust (Note 9)	20,000	222,106	474,358
Other	1,757,432	4,396,379	3,241,156
Government of Alberta grants	455,305	566,694	922,873
CMHC	-	601,780	208,470
Contributions carried forward from prior year	4,158	268,010	1,284,041
Deferred revenue - INAC	-	(6,335,164)	(1,447,202)
Deferred revenue - other	258,151	168,151	(119,040)
Inter-program transfers	1,109,237	-	-
	16,353,137	23,662,103	22,692,005
EXPENSES (Schedule 1)			
Administration	1,409,499	4,836,883	3,725,921
Education	4,382,579	5,183,687	4,440,563
Social Assistance	3,700,930	3,880,578	3,824,672
Health	3,133,413	2,282,419	2,036,877
Economic Development	326,188	3,515,610	2,104,899
Infrastructure	-	1,186,019	1,243,548
Other	150,000	878,377	718,143
Capital Projects	10,000	2,358,765	2,065,656
	13,112,609	24,122,338	20,160,279
(DEFICIT) SURPLUS FROM OPERATIONS	3,240,528	(460,235)	2,531,726
OTHER INCOME(LOSS)			
Share of income (loss) from Alexis owned enterprises (Note 8)	-	17,447,988	(4,799,585)
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR	\$ 3,240,528	\$ 16,987,753	\$ (2,267,859)

See notes to consolidated financial statements

ALEXIS NAKOTA SIOUX NATION

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2018

	2018	2017
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR	\$ 16,987,753	\$ (2,267,859)
Amortization of tangible capital assets	1,264,664	1,264,840
Purchase of tangible capital assets	(3,241,890)	(2,938,103)
Decrease in prepaid expenses	-	11,943
Increase in trust funds	-	192,306
	(1,977,226)	(1,469,014)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	15,010,527	(3,736,873)
Net financial assets - beginning of year	11,756,877	15,493,750
NET FINANCIAL ASSETS - END OF YEAR	\$ 26,767,404	\$ 11,756,877

See notes to consolidated financial statements

ALEXIS NAKOTA SIOUX NATION

Statement of Changes in Accumulated Surplus
Year Ended March 31, 2018

	Unrestricted Surplus (Deficit)	Equity in Business Entities	Equity in Tangible Capital Assets	Equity in Trust Funds	Equity in Alexis Settlement Trust	2018	2017 March
Accumulated surplus (deficit), beginning of year	\$ 366,792	\$ 2,858,844	\$ 12,735,231	\$ 341,350	\$ 11,829,690	\$ 28,131,907	\$ 30,207,460
Annual surplus (deficit) for the year	(460,235)	17,447,988	-	-	-	16,987,753	(2,267,859)
Deficit relating to business entities	-	-	-	-	-	-	-
Net advances from (to) business entities	(361,612)	361,612	-	-	-	-	-
Acquisition of tangible capital assets	(3,241,890)	-	3,241,890	-	-	-	-
Amortization of tangible capital assets	1,264,664	-	(1,264,664)	-	-	-	-
Net change in long-term debt	438,953	-	(438,953)	-	-	-	-
Net increase in trust funds	(11,083)	-	-	11,083	-	-	-
Net increase (decrease) in Alexis Settlement Trust	408,806	-	-	-	(408,806)	-	192,306
Accumulated surplus, end of year	\$ (1,595,605)	\$ 20,668,444	\$ 14,273,504	\$ 352,433	\$ 11,420,884	\$ 45,119,660	\$ 28,131,907

See notes to consolidated financial statements

ALEXIS NAKOTA SIOUX NATION

Consolidated Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit) for the year	\$ 16,987,753	\$ (2,267,859)
Items not affecting cash:		
Amortization of tangible capital assets	1,264,664	1,264,840
Share of (income) loss from Alexis owned enterprises	(17,447,988)	4,799,585
	804,429	3,796,566
Changes in non-cash working capital:		
Accounts receivable	1,213,756	(349,790)
Due from government organizations	361,366	(131,759)
Accounts payable and accrued liabilities	707,200	248,300
Deferred revenue	5,791,212	220,479
Trust liabilities	-	(57,411)
Prepaid expenses	-	11,943
	8,073,534	(58,238)
	8,877,963	3,738,328
INVESTING ACTIVITIES		
Net advances (from) to Alexis owned enterprises	(362,531)	10,801
Net decrease (increase) in Alexis Settlement Trust	408,806	(33,183)
Increase in externally restricted cash	357,498	(393,650)
	403,773	(416,032)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,241,890)	(2,938,103)
FINANCING ACTIVITIES		
Increase in bank indebtedness	(95,741)	305,398
Repayment of callable debt	-	(26,618)
Repayment of long term debt	(123,169)	(211,060)
Advance of long term debt	562,121	646,293
	343,211	714,013
INCREASE IN CASH FLOW	6,383,057	1,098,206
Cash - beginning of year	2,265,917	1,167,711
CASH - END OF YEAR	\$ 8,648,974	\$ 2,265,917

See notes to consolidated financial statements

ALEXIS NAKOTA SIOUX NATION

Consolidated Schedule of Total Expenses by Object
Year Ended March 31, 2018

(Schedule 1)

	2018	2017
EXPENSES		
Wages and benefits	\$ 6,103,940	\$ 5,598,535
Other program delivery	3,581,210	1,967,619
Social assistance benefits	1,756,685	1,522,981
Amortization of tangible assets	1,264,664	1,264,840
Professional services	1,938,993	2,260,176
Casual labour	900,575	867,691
Honoraria	896,916	832,537
Tuition	436,237	385,750
Travel	434,503	452,196
Materials and supplies	331,762	603,742
Repairs and maintenance	1,384,513	464,747
Cultural and recreational events	1,104,169	752,607
Utilities	480,293	469,847
Office and general	1,624,542	600,571
Insurance	235,414	236,140
Contract services	245,710	472,725
Training and development	242,724	404,382
Employer benefits	214,790	214,895
Pension benefits	198,657	182,068
Per capita distributions	618,658	491,705
Interest and bank charges	127,383	114,525
	\$ 24,122,338	\$ 20,160,279

See notes to consolidated financial statements

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

1. Summary of significant accounting policies

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses and change in financial position of The Alexis Nakota Sioux Nation. This entity is comprised of the operations plus all of the organizations that are owned or controlled by Alexis Nakota and are therefore accountable to Council for the administration of their financial affairs and resources.

(b) 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.

(c) 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.

(d) 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.

(e) Cash

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

(f) 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.

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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

(g) 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.

(h) 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.

(i) 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 excess of revenues over expenses provides the change in net financial assets for the year.

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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

(j) 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.

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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, 2019.

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, 2019.

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, 2019.

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, 2019.

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, 2019.

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

3. Cash and restricted cash

Cash is comprised of the following:

	2018	2017
Externally restricted		
CMHC Replacement Reserve	\$ 11,357	\$ 398,251
Funds held in trust	10,177	8,256
Term deposit	2,631,514	2,604,039
	2,653,048	3,010,546
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.		
Unrestricted		
Operating	(719,933)	(695,299)
Social service	(48,694)	(11,462)
Other	70,319	(1,450)
Economic development	71,624	(13,671)
Multipurpose facility	-	(543)
	(626,684)	(722,425)
Capital assets	6,950,025	463,160
Education	206,994	574,816
Operating	-	361,495
Health Service	1,023,590	16,065
Social service	70,699	49,177
Economic development	-	-
Tradition and custom	(20,827)	33,496
Other	123,239	472,934
Internally restricted	-	-
Multipurpose facility	277,054	276,574
Minors' trust	18,200	18,200
	8,648,974	2,265,917
Total cash and restricted cash	\$ 10,675,338	\$ 4,554,038

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

3. Cash and restricted cash (continued)

	2018	2017
Bank indebtedness	\$ 626,684	\$ 722,425
Cash	8,648,974	2,265,917
Restricted cash	2,653,048	3,010,546
	\$ 11,928,706	\$ 5,998,888

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% (2017 - prime plus 2.00%). The overdraft is authorized to a maximum outstanding balance of \$600,000 (2017 - \$600,000). The bank indebtedness is collateralized by a Band Council Resolution redirecting AANDC funding.

4. Accounts receivable

	2018	2017
Other organizations and entities	\$ 1,310,576	\$ 2,051,704
Band Members' loans and advances	715,028	597,482
	2,025,604	2,649,186
Allowance for doubtful accounts	(1,882,563)	(1,292,389)
Net accounts receivable	\$ 143,041	\$ 1,356,797

5. Trust funds

Trust funds are considered internally restricted assets and are controlled directly by the Department of Indigenous and Northern Affairs Canada. 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 Consolidated Financial Statements

Year Ended March 31, 2018

5. Trust funds (continued)

The balances consist of the following:

	2018	2017
Capital fund		
Beginning of year	\$ 231,012	\$ 94,799
Revenue from oil and gas royalties	340,708	377,011
PTF Payment	(7,646)	(80,798)
Transfers to programs	(330,000)	(160,000)
End of year	234,074	231,012
Revenue fund		
Beginning of year	110,338	54,245
Revenue from oil and gas royalties	109,621	106,093
Transfers to programs	(101,600)	(50,000)
End of year	118,359	110,338
	\$ 352,433	\$ 341,350

6. Due from government organizations

	2018	2017
Federal government		
Indigenous and Northern Affairs Canada	\$ 145,523	\$ 165,424
Health Canada	-	183,352
Provincial government	-	158,113
	\$ 145,523	\$ 506,889

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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

	2018		2017	
	Investment	Advances	Investment	Advances
Alexis Hotel Corporation	\$ 10	\$ -	\$ 10	\$ (3,944,438)
Alexis Land Management Corporation	100	(666,009)	100	(621,749)
Alexis Tourism RV park Corporation	-	(422,975)	-	(368,003)
Alexis Casino Corporation	10	-	10	-
		(1,088,984)		(4,934,190)
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 Hotel Corporation	-	10,935,684	-	-
Alexis Group of Companies Inc.	100	612,038	100	612,038
Alexis Business Development Corporation	100	-	100	-
Alexis Band Oil and Gas Corporation	1	12,178	1	5,894
Alexis Forestry Ltd.	100	-	100	-
Alexis Bank Enterprises Inc.	2	-	2	-
Alexis Service Centre Ltd.	158	200	158	200
Nakota Construction	100	-	100	-
Alexis Management Ltd.	10	-	10	-
Alexis First Nations Business Trust	-	2,802,268	-	3,309,046
Alexis Economic Development Trust	-	287,145	-	287,145
Alexis Nakota Sioux Nation Business Trust	-	3,702,711	-	901,297
Backwoods Contracting Ltd	-	356,347	-	-
Alexis Casino Limited Partnership	-	754,459	-	1,013,830
Northern ISGA Foundation	-	2,294,398	-	1,662,565
		21,757,428		7,792,015
	\$ 1,019	\$ 20,668,444	\$ 1,019	\$ 2,857,825

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, 2018

8. Alexis owned enterprises financial statement summary

The summary of the December 31, 2017 financial statements for the business enterprises listed in note 7 are as follows:

Balance Sheet - December 31, 2017

Cash	\$ 4,163,039	\$ 3,838,360
Accounts receivable	2,494,430	2,219,605
Inventory	399,496	345,068
Goods and services tax recoverable	38,998	39,262
Prepaid expenses	738,356	652,591
Due from related parties	1,333,518	1,355,887
Property and equipment	24,307,648	25,266,228
Long term investments	3,736,963	3,975,641
Goodwill	1	1
Total assets	37,212,449	37,692,643
Bank indebtedness	8,600	8,759
Accounts payable	923,830	2,524,782
Goods and services tax payable	15,706	6,756
Callable debt	8,497,231	1,335,094
Wages payable	323,453	82,420
Deferred revenue	4,825	4,825
Long term debt	7,500,000	30,333,991
Future site restoration costs	6,834	6,834
Due to related party	1,903,360	2,808,560
Total liabilities	19,183,839	37,112,021
Share capital	410	410
Retained earnings	18,028,200	580,212
Total liabilities and equity	37,212,449	37,692,643

Income Statement - December 31, 2017

Revenue	\$ 40,512,075	\$ 17,880,368
Expenses	(32,155,682)	(21,125,781)
Other income (expenses)	9,091,595	(1,554,172)
Net income	\$ 17,447,988	\$ (4,799,585)

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

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:

	2018	2017
Cash and cash equivalents	\$ 611,283	\$ 423,863
Fixed income securities	6,901,825	7,443,691
Equity securities	3,907,776	3,962,136
	\$ 11,420,884	\$ 11,829,690

The market value of the above settlement funds is \$12,710,135 (2017 - \$13,220,488).

During the year, the investment income available for distribution was \$222,106 (2017 - \$474,358) and the investment management fees and other costs paid were \$87,903 (2017 - \$105,864). The amounts transferred to the Alexis Nakota Sioux Nation's programs were \$222,150 (2017 - \$393,993).

10. Deferred revenue

	Balance March 31, 2017	Funding received 2018	Revenue recognized 2018	2018
Federal government				
First Nation and Inuit Health	\$ -	\$ 1,119,012	\$ -	\$ 1,119,012
Indigenous and Northern Affairs Canada	1,549,174	6,425,165	1,549,174	6,425,165
	1,549,174	7,544,177	1,549,174	7,544,177
Provincial government				
Economic Development	6,000	-	6,000	-
Social	108,151	-	108,151	-
Economic Development	114,151	-	114,151	-
Other				
Unearned fees	89,640	-	89,640	-
Multi-purpose facility	2,948,863	-	-	2,948,863
	3,038,503	-	89,640	2,948,863
	\$ 4,701,828	\$ 7,544,177	\$ 1,752,965	\$ 10,493,040

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

11. Mortgages payable

	2018	2017
CMHC 9001 loan bearing interest at 1.62% per annum, repayable in monthly blended payments of \$1,332. The loan matures on April 1, 2023, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	\$ 143,242	\$ 156,952
CMHC 9002 loan bearing interest at 1.48% (2016 - 1.80%) per annum, repayable in monthly blended payments of \$3,008 (2017 - \$1,232). The loan matures on October 1, 2031, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	182,115	194,449
CMHC 9003 loan bearing interest at 1.53% per annum, repayable in monthly blended payments of \$3,089. The loan matures on December 31, 2022, collateralized by a ministerial guarantee from INAC, for the purpose of housing.	331,047	363,079
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.	209,304	220,660
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.	133,192	144,339
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.	220,563	232,440
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.	343,550	361,652
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.	393,004	413,727
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.	442,243	459,622

(continues)

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

11. Mortgages payable (continued)

	2018	2017
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.	429,884	446,586
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.	886,108	646,293
BMO loan advance for the construction of new housing on reserve .	364,500	-
	\$ 4,078,752	\$ 3,639,799

Principal repayment terms are approximately:

2019	\$ 191,969
2020	1,000,859
2021	164,252
2022	928,728
2023	1,792,944
	<u>\$ 4,078,752</u>

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

12. Tangible capital assets

	2017 Balance	Additions	Disposals	2018 Balance
Housing	\$ 13,456,326	\$ -	\$ -	\$ 13,456,326
General Equipment	2,536,434	-	-	2,536,434
Band Buildings	12,063,423	-	-	12,063,423
Roads	2,141,180	-	-	2,141,180
Subdivision	2,337,938	-	-	2,337,938
Water Treatment Plant	2,715,397	-	-	2,715,397
Sewage Lagoon	6,596,730	-	-	6,596,730
Work in Progress	-	3,241,893	-	3,241,893
	\$ 41,847,428	\$ 3,241,893	\$ -	\$ 45,089,321

	2017 Balance	Amortization	Accumulated Amortization on Disposals	2018 Balance
Housing	\$ 7,139,411	\$ 475,347	\$ -	\$ 7,614,758
General Equipment	2,502,434	6,000	-	2,508,434
Band Buildings	9,192,930	259,159	-	9,452,089
Roads	1,616,467	62,376	-	1,678,843
Subdivision	1,646,031	93,518	-	1,739,549
Water Treatment Plant	1,000,481	104,395	-	1,104,876
Sewage Lagoon	2,374,647	263,869	-	2,638,516
Work in Progress	-	-	-	-
	\$ 25,472,401	\$ 1,264,664	\$ -	\$ 26,737,065

	2018	2017
Housing	\$ 5,841,568	\$ 6,316,918
General Equipment	28,000	34,000
Band Buildings	2,611,334	2,870,493
Roads	462,337	524,713
Subdivision	598,389	691,907
Water Treatment Plant	1,610,521	1,714,916
Sewage Lagoon	3,958,214	4,222,083
Work in Progress	3,241,893	-
	\$ 18,352,256	\$ 16,375,030

ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2018

13. 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.

14. 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 \$198,657 (2017 - \$182,068) to the pension plan.

15. 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.

16. Related party transactions

During the year, grants and contributions of \$499,638 (2017 - \$452,640) 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, 2018 is \$Nil (2016 - \$21,424) due from a Yellowhead Tribal Council entity.

During the year, revenue of \$617,481 (2016 - \$506,534) 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, 2018 is \$14,397 (2016 - \$75,981) 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, 2018

17. 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.

18. Budgeted figures

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

19. Comparative figures

Certain 2017 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, 2018.

ALEXIS NAKOTA SIOUX NATION

Consolidated Statement of Segment Disclosures

Year Ended March 31, 2017

(Schedule 2)

	Administration and Tribal Government	Education	Social Assistance	Health	Economic Development	Infrastructure	Other Programs	Capital Projects	Other	2017
Revenue										
INAC	\$ 893,240	\$ 6,788,502	\$ 3,287,698	-	\$ 489,309	\$ 577,121	-	\$ 5,573,214	\$ -	\$ 17,609,084
INAC - deferred revenue	150,000	185,500	-	-	-	-	-	961,523	-	1,297,023
FNHI	-	-	-	3,407,560	-	-	-	-	-	3,407,560
CMHC	-	-	-	-	-	-	-	601,780	-	601,780
Capital Trust Funds	351,600	-	-	-	-	20,000	60,000	-	-	431,600
Alexis Settlement Trust	222,106	-	-	-	-	-	-	-	-	222,106
NISGAF	127,817	93,584	3,993	16,566	-	375,521	-	-	-	617,481
Yellowhead Tribal Grants	-	83,000	236,240	3,746	45,000	-	-	-	-	367,986
Government of Alberta	-	-	8,125	8,125	254,159	-	-	-	-	262,284
Other	1,398,133	297,216	351,482	6,765	3,332,386	312,556	196,545	-	-	5,895,383
Deferred revenue	-	(1,764,960)	108,151	(1,119,012)	-	-	-	(4,234,704)	-	(7,010,525)
Transfers	573,270	92,497	(89,000)	20,000	(678,100)	7,733	33,941	-	-	(39,659)
Carried forward	-	-	-	-	-	-	-	-	-	-
Share of income from Alexis owned enterprises	-	-	-	-	-	-	-	-	17,447,988	17,447,988
	3,716,166	5,775,339	3,906,689	2,335,625	3,442,754	1,293,231	290,486	2,901,813	17,447,988	41,110,091
Expenses										
Salaries and benefits	940,345	2,135,246	1,374,420	920,144	806,138	652,533	-	24,600	-	6,853,425
Subcontractors	376,645	235,358	14,850	73,282	30,725	58,954	-	-	-	789,815
Grants	-	1,340,105	-	113,729	-	-	-	1,157,683	-	2,611,518
Special events	880,238	70,448	11,898	223,139	171,262	350	-	-	-	1,357,335
Professional fees	307,287	179,813	70,882	171,052	145,532	-	-	181,959	-	1,056,525
Materials and supplies	63,927	140,775	48,956	52,194	38,918	32,957	-	949,449	-	1,327,175
Insurance	58,905	38,993	5,509	16,942	-	115,066	-	-	-	235,414
Interest	119,934	903	-	-	-	-	-	6,548	-	127,384
Amortization	-	-	-	-	93,518	-	-	1,171,147	-	1,264,664
Honoraria	831,128	23,880	-	35,188	6,000	-	-	-	-	896,196
Travel	413,436	216,879	58,789	81,488	86,345	7,708	-	52,527	-	917,172
Telephone and utilities	81,798	61,426	18,398	36,304	40,753	79,393	-	-	-	318,072
Allowances	-	-	-	-	618,659	-	-	-	-	618,659
Other	763,240	1,229,270	2,276,876	630,249	1,477,761	239,058	878,377	807,921	-	8,302,753
Transfers to capital assets	-	(489,410)	-	(71,292)	-	-	-	(1,993,068)	-	(2,553,770)
	4,836,883	5,183,687	3,880,578	2,282,419	3,515,610	1,186,019	878,377	2,358,765	-	24,122,338
	\$ (1,120,717)	\$ 591,652	\$ 26,111	\$ 53,206	\$ (72,856)	\$ 107,212	\$ (587,891)	\$ 543,048	\$ 17,447,988	\$ 16,987,753

See notes to consolidated financial statements

