

**ALEXIS NAKOTA SIOUX NATION**  
Consolidated Financial Statements  
Year Ended March 31, 2019

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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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 auditor's report.

The external auditors, RSM Alberta 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  
February 24, 2020



RSM Alberta LLP

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## INDEPENDENT AUDITOR'S REPORT

To the Members of

**Alexis Nakota Sioux Nation**

### *Opinion*

We have audited the consolidated financial statements of Alexis Nakota Sioux Nation (the Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets, changes in accumulated surplus and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Alexis Nakota Sioux Nation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Alexis Nakota Sioux Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 21 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. Note 21 explains the reason for the restatement and also explains the adjustments that were applied. As part of our audit of the financial statements of Alexis Nakota Sioux Nation for the year ended March 31, 2019, we also audited the adjustments described in Note 21. In our opinion such adjustments are appropriate and have been properly applied.

### *Other Matter*

The financial statements for the year ended March 31, 2018 were audited by another public accounting firm who expressed an unmodified opinion on those financial statements on July 27, 2018.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

(continues)

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

In preparing the consolidated financial statements, management is responsible for assessing the Alexis Nakota Sioux Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Alexis Nakota Sioux Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Alexis Nakota Sioux Nation's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Alexis Nakota Sioux Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Alexis Nakota Sioux Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Alexis Nakota Sioux Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta  
February 24, 2020

*RSM Alberta LLP*  
Chartered Professional Accountants

# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Financial Position

March 31, 2019

|   | 2019                 | 2018<br>(Restated)<br>Note 21 |
|---|----------------------|-------------------------------|
| <b>FINANCIAL ASSETS</b>                             |                      |                               |
| Cash (Note 4)                                       | \$ 6,149,136         | \$ 9,661,989                  |
| Restricted cash (Note 4)                            | 2,711,976            | 2,653,048                     |
| Term deposits                                       | 1,109,212            | 1,006,467                     |
| Net accounts receivable (Notes 5, 17)               | 584,513              | 290,740                       |
| Trust funds (Note 6)                                | 308,290              | 352,433                       |
| Due from government organizations (Note 7)          | 370,726              | 145,523                       |
| Investment in Alexis owned enterprises (Notes 8, 9) | 1,019                | 1,019                         |
| Advances to Alexis owned enterprises (Notes 8, 9)   | 28,360,866           | 21,181,814                    |
| Alexis Settlement Trust (Note 10)                   | 11,300,992           | 11,420,884                    |
|   | <b>50,896,730</b>    | <b>46,713,917</b>             |
| <b>LIABILITIES</b>                                  |                      |                               |
| Bank indebtedness (Note 4)                          | 191,661              | 626,684                       |
| Accounts payable and accrued liabilities            | 3,978,575            | 2,207,266                     |
| Deferred revenue (Note 11)                          | 11,349,230           | 12,787,438                    |
| Trust liabilities                                   | 18,200               | 18,200                        |
| Advances from Alexis owned enterprises (Notes 8, 9) | 1,423,916            | 422,975                       |
| Mortgages payable (Note 12)                         | 10,423,846           | 4,078,752                     |
|   | <b>27,385,428</b>    | <b>20,141,315</b>             |
| <b>NET FINANCIAL ASSETS</b>                         | <b>23,511,302</b>    | <b>26,572,602</b>             |
| <b>NON-FINANCIAL ASSETS</b>                         |                      |                               |
| Prepaid expenses                                    | 1,259                | 4,973                         |
| Tangible capital assets (Note 13)                   | 33,570,861           | 18,632,493                    |
|   | <b>33,572,120</b>    | <b>18,637,466</b>             |
| <b>ACCUMULATED SURPLUS</b>                          | <b>\$ 57,083,422</b> | <b>\$ 45,210,068</b>          |

CONTINGENCIES (Note 14)

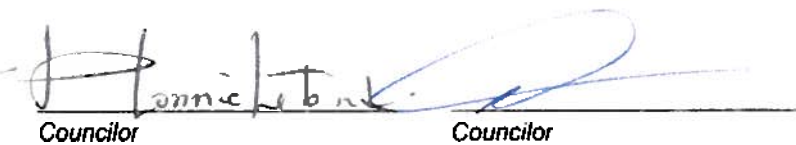
Approved by Alexis Nakota Sioux Nation



Chief



Councilor



Councilor

Councilor



Councilor



Councilor

Councilor

Councilor

See notes to financial statements

# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Operations

Year Ended March 31, 2019

|  | Budget                                 | 2019                 | 2018                                  |
|--|--|----------------------|---------------------------------------|
|  | <i>(unaudited)</i><br><i>(Note 19)</i> |                      | <i>(Restated)</i><br><i>(Note 21)</i> |
| <b>REVENUES</b>  |  |                      |                                       |
| Indigenous and Northern Affairs Canada (INAC)                        | \$ 7,489,568                           | \$ 15,449,655        | \$ 17,609,084                         |
| First Nations and Inuit Health (FNIH)                                | 2,022,896                              | 2,607,243            | 3,407,560                             |
| Consultation - assessments   | 592,063                                | 1,535,831            | 1,065,285                             |
| Consultation - special projects                                      | -                                      | -                    | 143,500                               |
| Trust fund transfers   | 286,300                                | 286,300              | 431,600                               |
| Yellowhead Tribal Council grants and contributions <i>(Note 17)</i>  | 471,240                                | 640,795              | 499,638                               |
| Northern ISGA Foundation   | 580,090                                | 2,184,113            | 1,742,420                             |
| Alexis Settlement Trust <i>(Note 10)</i>                             | -                                      | 740,934              | 222,106                               |
| Government of Alberta grants   | 456,908                                | 1,261,171            | 566,694                               |
| CMHC   | -                                      | 249,358              | 234,211                               |
| Grants, contributions and other                                      | 2,486,967                              | 3,490,033            | 4,763,948                             |
| Contributions carried forward from prior year                        | 391,832                                | 702,907              | 268,008                               |
| Deferred revenue - INAC  | -                                      | 2,073,592            | -                                     |
| Deferred revenue - INAC  | -                                      | (1,219,748)          | (6,335,164)                           |
| Deferred revenue - other   | 90,000                                 | 22,123               | 168,151                               |
| Inter-program transfers  | 5,292,238                              | -                    | -                                     |
|  | <b>20,160,102</b>                      | <b>30,024,307</b>    | <b>24,787,041</b>                     |
| <b>EXPENSES (Schedule 1)</b>   |  |                      |                                       |
| Education  | 4,696,064                              | 5,380,256            | 5,090,102                             |
| Administration   | 2,196,361                              | 4,471,243            | 4,709,066                             |
| Social Assistance  | 3,675,422                              | 4,087,514            | 3,876,585                             |
| Health   | 2,607,718                              | 2,587,742            | 2,265,853                             |
| Capital Projects   | -                                      | 2,583,863            | 2,358,765                             |
| Economic Development   | 1,517,923                              | 2,497,839            | 3,515,610                             |
| Northern ISGA Foundation   | -                                      | 2,184,113            | 1,742,420                             |
| Infrastructure   | 801,902                                | 1,028,946            | 810,498                               |
| Other  | -                                      | 640,578              | 878,377                               |
|  | <b>15,495,390</b>                      | <b>25,462,094</b>    | <b>25,247,276</b>                     |
| <b>SURPLUS (DEFICIT) FROM OPERATIONS</b>                             | <b>4,664,712</b>                       | <b>4,562,213</b>     | <b>(460,235)</b>                      |
| <b>OTHER INCOME</b>  |  |                      |                                       |
| Share of income (loss) from Alexis owned enterprises <i>(Note 9)</i> | -                                      | 7,311,141            | 19,200,948                            |
| <b>ANNUAL SURPLUS FOR THE YEAR</b>                                   | <b>\$ 4,664,712</b>                    | <b>\$ 11,873,354</b> | <b>\$ 18,740,713</b>                  |

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2019

|  | 2019                 | 2018<br>(Restated)<br>(Note 21) |
|--|----------------------|---------------------------------|
| <b>ANNUAL SURPLUS FOR THE YEAR</b>                 | <b>\$ 11,873,354</b> | <b>\$ 18,740,713</b>            |
| Amortization of tangible capital assets            | 1,354,720            | 1,283,815                       |
| Purchase of tangible capital assets                | (16,293,088)         | (3,286,893)                     |
| Decrease (increase) in prepaid expenses            | 3,714                | (4,973)                         |
|  | <b>(14,934,654)</b>  | <b>(2,008,051)</b>              |
| <b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b> | <b>(3,061,300)</b>   | <b>16,732,662</b>               |
| Net financial assets - beginning of year           | <b>26,572,602</b>    | <b>9,839,940</b>                |
| <b>NET FINANCIAL ASSETS - END OF YEAR</b>          | <b>\$ 23,511,302</b> | <b>\$ 26,572,602</b>            |

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

## Statement of Changes in Accumulated Surplus

Year Ended March 31, 2019

|   | Unrestricted<br>Surplus<br>(Deficit) | Equity in<br>Business<br>Entities | Equity in<br>Tangible<br>Capital<br>Assets | Equity in<br>Trust Funds | Equity in<br>Alexis<br>Settlement<br>Trust | Share Capital | 2019                 | 2018<br>(Restated)<br>(Note 21) |
|---|--------------------------------------|-----------------------------------|--|--------------------------|--|---------------|----------------------|---------------------------------|
| Accumulated surplus (deficit),<br>beginning of year   | \$ (1,875,843)                       | \$ 20,758,845                     | \$ 14,553,741                              | \$ 352,433               | \$ 11,420,884                              | \$ 8          | \$ 45,210,068        | \$ 26,469,355                   |
| Annual surplus (deficit) for the<br>year              | 4,562,213                            | 7,311,141                         | -  | -                        | -  | -             | 11,873,354           | 18,740,713                      |
| Acquisition of tangible capital<br>assets             | (16,293,088)                         | -                                 | 16,293,088                                 | -                        | -  | -             | -                    | -                               |
| Amortization of tangible capital<br>assets            | 1,354,720                            | -                                 | (1,354,720)                                | -                        | -  | -             | -                    | -                               |
| Net change in long-term debt                          | 6,345,094                            | -                                 | (6,345,094)                                | -                        | -  | -             | -                    | -                               |
| Net increase in trust funds                           | 44,143                               | -                                 | -  | (44,143)                 | -  | -             | -                    | -                               |
| Net increase (decrease) in<br>Alexis Settlement Trust | 119,892                              | -                                 | -  | -                        | (119,892)                                  | -             | -                    | -                               |
| <b>Accumulated surplus, end of<br/>year</b>           | <b>\$ (5,742,869)</b>                | <b>\$ 28,069,986</b>              | <b>\$ 23,147,015</b>                       | <b>\$ 308,290</b>        | <b>\$ 11,300,992</b>                       | <b>\$ 8</b>   | <b>\$ 57,083,422</b> | <b>\$ 45,210,068</b>            |

See notes to consolidated financial statements



# ALEXIS NAKOTA SIOUX NATION

## Consolidated Statement of Cash Flows

Year Ended March 31, 2019

|   | 2019                | 2018<br>(Restated)<br>(Note 21) |
|---|---------------------|---------------------------------|
| <b>CASH PROVIDED BY (USED IN):</b>              |                     |                                 |
| <b>OPERATING ACTIVITIES</b>                     |                     |                                 |
| Annual surplus for the year                     | \$ 11,873,354       | \$ 18,740,713                   |
| Items not affecting cash:                       |                     |                                 |
| Amortization of tangible capital assets         | 1,354,720           | 1,283,815                       |
| Share of income from Alexis owned enterprises   | (7,311,141)         | (19,200,948)                    |
| Accrued interest on term deposits               | (6,394)             | 4,758                           |
|   | <b>5,910,539</b>    | <b>828,338</b>                  |
| Changes in non-cash working capital:            |                     |                                 |
| Net accounts receivable                         | (293,773)           | 1,114,719                       |
| Due from government organizations               | (225,203)           | 361,366                         |
| Trust funds                                     | 44,143              | (11,083)                        |
| Accounts payable and accrued liabilities        | 1,771,309           | 808,620                         |
| Deferred revenue                                | (1,438,208)         | 6,401,199                       |
| Prepaid expenses                                | 3,714               | (4,973)                         |
|   | <b>(138,018)</b>    | <b>8,669,848</b>                |
|   | <b>5,772,521</b>    | <b>9,498,186</b>                |
| <b>INVESTING ACTIVITIES</b>                     |                     |                                 |
| Net advances to (from) Alexis owned enterprises | 1,133,030           | (362,631)                       |
| Net decrease in Alexis Settlement Trust         | 119,892             | 408,806                         |
| Purchase of term deposits                       | (500,000)           | (800,000)                       |
| Redemption of term deposits                     | 403,649             | 925,000                         |
|   | <b>1,156,571</b>    | <b>171,175</b>                  |
| <b>CAPITAL ACTIVITIES</b>                       |                     |                                 |
| Acquisition of tangible capital assets          | (16,293,088)        | (3,286,893)                     |
| <b>FINANCING ACTIVITIES</b>                     |                     |                                 |
| Repayment of mortgages payable                  | (191,976)           | (123,169)                       |
| Advance of mortgages payable                    | 6,537,070           | 562,121                         |
|   | <b>6,345,094</b>    | <b>438,952</b>                  |
| <b>(DECREASE) INCREASE IN CASH</b>              | <b>(3,018,902)</b>  | <b>6,821,420</b>                |
| Cash - beginning of year                        | 11,688,353          | 4,866,933                       |
| <b>CASH - END OF YEAR</b>                       | <b>8,669,451</b>    | <b>11,688,353</b>               |
| <b>CASH CONSISTS OF:</b>                        |                     |                                 |
| Cash  | \$ 6,149,136        | \$ 9,661,989                    |
| Restricted cash                                 | 2,711,976           | 2,653,048                       |
| Bank indebtedness                               | (191,661)           | (626,684)                       |
|   | <b>\$ 8,669,451</b> | <b>\$ 11,688,353</b>            |

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

Consolidated Schedule of Total Expenses by Object  
Year Ended March 31, 2019

(Schedule 1)

|                                  | 2019                 | 2018<br>(Restated)<br>(Note 21) |
|----------------------------------|----------------------|---------------------------------|
| <b>EXPENSES</b>                  |                      |                                 |
| Wages and benefits               | \$ 6,477,493         | \$ 5,964,210                    |
| Other program delivery           | 5,854,664            | 6,852,376                       |
| Professional services            | 1,294,765            | (386,319)                       |
| Cultural and recreational events | 1,786,320            | 1,722,528                       |
| Social assistance benefits       | 1,521,125            | 1,806,782                       |
| Amortization of tangible assets  | 1,330,662            | 1,264,664                       |
| Honoraria                        | 1,011,446            | 896,916                         |
| Casual labour                    | 894,068              | 1,156,905                       |
| Office and general               | 741,318              | 1,653,832                       |
| Repairs and maintenance          | 657,359              | 1,388,083                       |
| Utilities                        | 592,184              | 480,293                         |
| Tuition                          | 517,764              | 364,945                         |
| Travel                           | 462,216              | 436,237                         |
| Materials and supplies           | 415,431              | 348,276                         |
| Interest and bank charges        | 403,647              | 127,443                         |
| Contract services                | 394,706              | 271,166                         |
| Insurance                        | 369,288              | 235,414                         |
| Training and development         | 289,702              | 245,514                         |
| Employer benefits                | 224,590              | 218,252                         |
| Pension benefits (Note 15)       | 223,346              | 199,759                         |
|                                  | <b>\$ 25,462,094</b> | <b>\$ 25,247,276</b>            |

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

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### 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 (the 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 when 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, 2019

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## 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 tangible capital 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 capital assets under construction commences once the assets are available for use.

For tangible capital 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 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 tangible 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 tangible 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.

*(continues)*

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (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.

#### (j) Measurement uncertainty

In preparing the financial statements for the 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. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective April 1, 2018, the Nation adopted the following accounting standards concurrently as required by the Public Sector Accounting Standards Board.

PS 2200 - Related Party Disclosures: This section provides guidance on the definition of a related party and establishes the disclosure requirements for transactions between related parties. The Nation adopted PS 2200 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3210 - Assets: This section provides guidance on the various components related to the definition of an asset and establishes the related disclosure requirements. The Nation adopted PS 3210 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3320 - Contingent Assets: This section provides a general application standard providing guidance on the definition and disclosures standards related to contingent assets. It is noted that specific types of contingent assets are excluded from this standard. The Nation adopted the PS 3320 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3380 - Contractual Rights: This section provides guidance on the disclosure of contractual rights, including their nature, extent and timing. The Nation adopted PS 3380 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3420 - Inter-Entity Transactions: This section provides guidance on the recognition, measurement and presentation of transactions between entities controlled by a government within the government reporting entity from the perspective of both parties. The Nation adopted PS 3420 prospectively and there were no impacts on the financial statement amounts or disclosures.

PS 3430 - Restructure Transactions: This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/or liabilities, together with related program or operating responsibilities. The Nation adopted PS 3430 prospectively and there were no impacts on the financial statement amounts or disclosures.

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

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## 3. FUTURE ACCOUNTING PRONOUNCEMENTS

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. The Nation will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, certain standards must be adopted concurrently. The requirements in Financial Statement Presentation (PS 1201), Financial Instruments (PS 3450), Foreign Currency Translations (PS 2601) and Portfolio Investments (PS 3041) must be implemented at the same time.

**PS 1201 - Financial Statement Presentation:** The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2019.

**PS 2601 - Foreign Currency Translation:** This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2019.

**PS 3041 - Portfolio Investments:** This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2019.

**PS 3450 - Financial Instruments:** This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the Nation. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be 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 effective for fiscal years beginning on or after April 1, 2019.

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

## 4. CASH AND RESTRICTED CASH

Cash and restricted cash is comprised of the following:

|   | 2019                | 2018<br>(Restated)<br>(Note 21) |
|---|---------------------|---------------------------------|
| <b>Externally restricted</b>  |                     |                                 |
| CMHC Replacement Reserve  | \$ 53,641           | \$ 11,357                       |
| Funds held in trust   | 2,658,335           | 10,177                          |
| Term deposit  | -                   | 2,631,514                       |
|   | <b>2,711,976</b>    | <b>2,653,048</b>                |
| <p>Under the terms of an agreement with Canada Mortgage and Housing Corporation ("CMHC"), the 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.</p> |                     |                                 |
| <b>Unrestricted</b>   |                     |                                 |
| Operating   | (610,084)           | (719,933)                       |
| Social service  | (94,829)            | (48,694)                        |
| Other   | 381,658             | 70,319                          |
| Economic development  | 131,594             | 71,624                          |
|   | <b>(191,661)</b>    | <b>(626,684)</b>                |
| <b>Capital assets</b>   | <b>2,707,407</b>    | <b>6,950,025</b>                |
| Education   | 12,145              | 206,994                         |
| Health Service  | 337,966             | 1,023,590                       |
| Social service  | 112,261             | 70,699                          |
| Tradition and custom  | 25,226              | (20,827)                        |
| Other   | 1,596,989           | 123,239                         |
| <b>Internally restricted</b>  |                     |                                 |
| Northern ISGA Foundation  | 1,061,610           | 1,013,015                       |
| Multipurpose facility   | 277,332             | 277,054                         |
| Minors' trust   | 18,200              | 18,200                          |
|   | <b>6,149,136</b>    | <b>9,661,989</b>                |
| <b>Total cash and restricted cash</b>   | <b>\$ 8,669,451</b> | <b>\$ 11,688,353</b>            |

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

### 4. CASH AND RESTRICTED CASH (continued)

|                          | 2019                | 2018<br>(Restated)<br>(Note 21) |
|--------------------------|---------------------|---------------------------------|
| <i>Bank indebtedness</i> | \$ (191,661)        | \$ (626,684)                    |
| Cash                     | 6,149,136           | 9,661,989                       |
| Restricted cash          | 2,711,976           | 2,653,048                       |
|                          | <b>\$ 8,669,451</b> | <b>\$ 11,688,353</b>            |

*The Minors' trust is internally restricted for use for the trust liability for minor children and is payable to minors when they attain the age of 18 years.*

*The Multipurpose facility is internally restricted for the construction of a new multi-purpose facility. These funds are restricted and are therefore not available for any other current use.*

*The Nation has an overdraft facility which bears interest at prime plus 2.00% (2018 - prime plus 2.00%). The overdraft is authorized to a maximum outstanding balance of \$600,000 (2018 - \$600,000). The bank indebtedness is collateralized by a Band Council Resolution redirecting INAC funding.*

### 5. NET ACCOUNTS RECEIVABLE

|                                  | 2019              | 2018<br>(Restated)<br>(Note 21) |
|----------------------------------|-------------------|---------------------------------|
| Other organizations and entities | \$ 1,773,278      | \$ 1,458,275                    |
| Band Members' loans and advances | 733,571           | 715,028                         |
|                                  | <b>2,506,849</b>  | <b>2,173,303</b>                |
| Allowance for doubtful accounts  | (1,922,336)       | (1,882,563)                     |
| Net accounts receivable          | <b>\$ 584,513</b> | <b>\$ 290,740</b>               |

During the year, bad debts expense incurred was \$39,773 (2018 - \$570,174). Bad debts is included in Administration and Economic Development on the statement of operations.



# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

## 6. 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.

The balances consist of the following:

|                                    | 2019       | 2018       |
|------------------------------------|------------|------------|
| <b>Capital fund</b>                |            |            |
| Beginning of year                  | \$ 234,074 | \$ 231,012 |
| Revenue from oil and gas royalties | 241,681    | 340,708    |
| PTF Payment                        | (152,799)  | (7,646)    |
| Transfers to programs              | (145,000)  | (330,000)  |
| End of year                        | 177,956    | 234,074    |
| <b>Revenue fund</b>                |            |            |
| Beginning of year                  | 118,359    | 110,338    |
| Revenue from oil and gas royalties | 153,275    | 109,621    |
| Transfers to programs              | (141,300)  | (101,600)  |
| End of year                        | 130,334    | 118,359    |
|                                    | \$ 308,290 | \$ 352,433 |

## 7. DUE FROM GOVERNMENT ORGANIZATIONS

|  | 2019       | 2018<br>(Restated)<br>(Note 21) |
|--|------------|---------------------------------|
| Federal government                     |            |                                 |
| Indigenous and Northern Affairs Canada | \$ 370,726 | \$ 145,523                      |
|  | \$ 370,726 | \$ 145,523                      |

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

## 8. INVESTMENT IN AND ADVANCES TO (FROM) ALEXIS OWNED ENTERPRISES

|   | 2019            |                      | 2018<br>(Restated)<br>(Note 21) |                      |
|---|-----------------|----------------------|---------------------------------|----------------------|
|   | Investment      | Advances             | Investment                      | Advances             |
| <b>Alexis Hotel Corporation</b>                 | \$ 10           | \$ -                 | \$ 10                           | \$ -                 |
| Alexis Tourism RV park Corporation              | -               | (422,975)            | -                               | (422,975)            |
| Backwoods Contracting Ltd.                      | -               | (788,526)            | -                               | -                    |
| Alexis Casino Corporation                       | -               | (212,415)            | -                               | -                    |
| <b>Advances from Alexis owned enterprises</b>   |                 | <b>(1,423,916)</b>   |                                 | <b>(422,975)</b>     |
| 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                        | -               | 12,562,990           | -                               | 11,946,226           |
| Alexis Group of Companies Inc.                  | 100             | 2,472,311            | 100                             | 612,038              |
| Alexis Business Development Corporation         | 100             | -                    | 100                             | -                    |
| Alexis Band Oil and Gas Corporation             | 1               | 11,224               | 1                               | 12,178               |
| 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             | -               | 8,512,280            | -                               | 2,802,268            |
| Alexis Economic Development Trust               | -               | 287,108              | -                               | 287,108              |
| Alexis Nakota Sioux Nation Business Trust       | -               | 3,702,711            | -                               | 3,692,311            |
| Backwoods Contracting Ltd                       | -               | 727,751              | -                               | 1,094,499            |
| Alexis Economic Development Trustee Corporation | -               | 12,797               | -                               | -                    |
| Alexis Casino Limited Partnership               | 10              | -                    | 10                              | 660,892              |
| Alexis Land Management Corporation              | 100             | 71,494               | 100                             | 74,094               |
| <b>Advances to Alexis owned enterprises</b>     |                 | <b>28,360,866</b>    |                                 | <b>21,181,814</b>    |
|   | <b>\$ 1,019</b> | <b>\$ 26,936,950</b> | <b>\$ 1,019</b>                 | <b>\$ 20,758,839</b> |

During the year, transactions with Alexis 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, 2019

### 9. ALEXIS OWNED ENTERPRISES FINANCIAL STATEMENT SUMMARY

The summary of the financial statements for the business enterprises listed in Note 8 are as follows:

|   | December 31,<br>2018 | December 31,<br>2017 |
|---|----------------------|----------------------|
| <b>Statement of Financial Position</b>                        |                      |                      |
| Cash  | \$ 4,915,322         | \$ 2,143,557         |
| Accounts receivable   | 2,324,468            | 2,346,731            |
| Inventory   | 386,471              | 399,496              |
| Goods and services tax recoverable                            | 57,653               | 38,998               |
| Prepaid expenses  | 453,368              | 733,383              |
| Due from related parties                                      | 2,073,380            | 1,333,518            |
| Property and equipment  | 23,393,852           | 24,027,409           |
| Long term investments   | 3,736,863            | 3,736,963            |
| Goodwill  | 1                    | 1                    |
| <b>Total assets</b>   | <b>37,341,378</b>    | <b>34,760,056</b>    |
| Bank indebtedness   | -                    | 8,600                |
| Accounts payable  | 478,244              | 765,844              |
| Goods and services tax payable                                | 23,290               | 15,706               |
| Callable debt   | 7,849,652            | 8,497,231            |
| Wages payable   | 116,906              | 323,453              |
| Deferred revenue  | 4,825                | 4,825                |
| Long term debt  | 7,500,000            | 7,530,719            |
| Future site restoration costs                                 | 4,825                | 6,834                |
| Due to related party  | 2,159,036            | 2,827,478            |
| <b>Total liabilities</b>                                      | <b>18,136,778</b>    | <b>19,980,690</b>    |
| Share capital   | 410                  | 402                  |
| Retained earnings   | 19,204,190           | 16,868,253           |
| <b>Total liabilities and equity</b>                           | <b>37,341,378</b>    | <b>36,849,345</b>    |
| <b>Statement of Operations - December 31, 2018 and 2017</b>   |                      |                      |
| Revenue   | \$ 41,059,488        | \$ 38,159,668        |
| Expenses  | (33,311,286)         | (31,426,818)         |
| Other income (expenses)                                       | (676,714)            | 10,823,408           |
| <b>Net income, January 1 - December 31, 2018 and 2017</b>     | <b>7,071,488</b>     | <b>17,556,258</b>    |
| Deduct net loss (income), January 1 - March 31, 2018 and 2017 | (826,755)            | 817,935              |
| <b>Add net income, January 1 - March 31, 2019 and 2018</b>    | <b>1,066,408</b>     | <b>826,755</b>       |
| <b>Net income, March 31, 2019 and 2018</b>                    | <b>\$ 7,311,141</b>  | <b>\$ 19,200,948</b> |

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

### 10. 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:

|                           | 2019                 | 2018                 |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 348,604           | \$ 611,283           |
| Fixed income securities   | 6,901,825            | 6,901,825            |
| Equity securities         | 4,050,563            | 3,907,776            |
|                           | <b>\$ 11,300,992</b> | <b>\$ 11,420,884</b> |

The market value of the above settlement funds is \$12,696,893 (2018 - \$12,710,135).

During the year, the investment income available for distribution was \$740,934 (2018 - \$222,106) and the investment management fees and other costs paid were \$87,801 (2018 - \$87,903). The amounts transferred to the Nation's programs were \$409,384 (2018 - \$222,150).

### 11. DEFERRED REVENUE

|   | Balance<br>March 31,<br>2018<br>(Restated)<br>(Note 21) | Funding<br>received<br>2019 | Revenue<br>recognized<br>2019 | 2019                 |
|---|---|-----------------------------|-------------------------------|----------------------|
| <b>Federal government</b>                 |   |                             |                               |                      |
| First Nation and Inuit Health             | \$ 1,119,012  | \$ 304,742                  | \$ 1,119,012                  | \$ 304,742           |
| Indigenous and Northern Affairs<br>Canada | 6,425,165   | 5,988,055                   | 7,162,609                     | 5,250,611            |
|   | <b>7,544,177</b>  | <b>6,292,797</b>            | <b>8,281,621</b>              | <b>5,555,353</b>     |
| <b>Provincial government</b>              |   |                             |                               |                      |
| Economic Development                      | -   | 395,316                     | -                             | 395,316              |
| Social                                    | -   | 100,000                     | 85,366                        | 14,634               |
| Economic Development                      | -   | 495,316                     | 85,366                        | 409,950              |
| <b>Other</b>                              |   |                             |                               |                      |
| Multi-purpose facility                    | 2,948,863   | 54,297                      | -                             | 3,003,160            |
| Northern ISGA Foundation                  | 2,014,159   | 2,278,020                   | 2,184,113                     | 2,108,066            |
|   | <b>4,963,022</b>  | <b>2,332,317</b>            | <b>2,184,113</b>              | <b>5,111,226</b>     |
| <b>Deferred capital contributions</b>     |   |                             |                               |                      |
| Northern ISGA Foundation                  | 280,239   | -                           | 7,538                         | 272,701              |
|   | <b>\$ 12,787,438</b>                                    | <b>\$ 9,120,430</b>         | <b>\$ 10,558,638</b>          | <b>\$ 11,349,230</b> |

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

### 12. MORTGAGES PAYABLE

|   | 2019       | 2018       |
|---|------------|------------|
| CMHC 9001 loan bearing interest at 2.41% per annum (2018 - 1.62% per annum), repayable in monthly blended payments of \$1,382 (2018 - \$1,332). The loan matures on April 1, 2023, collateralized by a ministerial guarantee from INAC, for the purpose of housing.   | \$ 129,874 | \$ 143,242 |
| CMHC 9002 loan bearing interest at 1.48% per annum (2018 - 1.48% per annum), repayable in monthly blended payments of \$3,008 (2018 - \$3,008). The loan matures on January 1, 2022, collateralized by a ministerial guarantee from INAC, for the purpose of housing.   | 169,916    | 182,115    |
| CMHC 9003 loan bearing interest at 1.97% per annum (2018 - 1.53% per annum), repayable in monthly blended payments of \$3,155 (2018 - \$3,089). The loan matures on December 1, 2022, collateralized by a ministerial guarantee from INAC, for the purpose of housing.  | 299,336    | 331,047    |
| CMHC 9004 loan bearing interest at 2.14% per annum (2018 - 2.04% per annum), repayable in monthly blended payments of \$1,285 (2018 - \$1,276). The loan matures on March 1, 2024, collateralized by a ministerial guarantee from INAC, for the purpose of housing.   | 198,136    | 209,304    |
| CMHC 9005 loan bearing interest at 2.14 % per annum (2018 - 2.04% per annum), repayable in monthly blended payments of \$1,146 (2018 - \$1,140). The loan matures on March 1, 2024, collateralized by a ministerial guarantee from INAC, for the purpose of housing.  | 122,099    | 133,192    |
| CMHC 9006 loan bearing interest at 1.98% per annum (2018 - 1.99% per annum), repayable in monthly blended payments of \$1,326 (2018 - \$1,332). The loan matures on May 1, 2019, collateralized by a ministerial guarantee from INAC, for the purpose of housing. Subsequent to year-end, the loan was renewed for another 5 year term. | 208,863    | 220,563    |
| CMHC 9007 loan bearing interest at 0.96% (2018 - 0.96%) per annum, repayable in monthly blended payments of \$1,716 (2018 - \$1,716). The loan matures on September 1, 2021, collateralized by a ministerial guarantee from INAC, for the purpose of housing.   | 326,152    | 343,550    |
| CMHC 9008 loan bearing interest at 1.11% per annum (2018 - 2.75% per annum), repayable in monthly blended payments of \$2,014 (2018 - \$2,349). The loan matures on April 1, 2021, collateralized by a ministerial guarantee from INAC, for the purpose of housing.   | 373,062    | 393,004    |

(continues)

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

## 12. MORTGAGES PAYABLE (continued)

|   | 2019                 | 2018                |
|---|----------------------|---------------------|
| <i>CMHC 9009 loan bearing interest at 1.83% per annum (2018 - 1.83% per annum), repayable in monthly blended payments of \$2,051 (2018 - \$2,051). The loan matures on December 1, 2019, collateralized by a ministerial guarantee from INAC, for the purpose of housing. Subsequent to year-end, the loan was renewed for another 5 year term.</i> | 425,521              | 442,243             |
| CMHC 9010 loan bearing interest at 1.83% per annum (2018 - 1.83% per annum), repayable in monthly blended payments of \$1,993 (2018 - \$1,993). The loan matures on December 1, 2019, collateralized by a ministerial guarantee from INAC, for the purpose of housing. Subsequent to year-end, the loan was renewed for another 5 year term.        | 413,629              | 429,884             |
| CMHC 9011 loan bearing interest at 1.5% per annum (2018 - 1.5% per annum), repayable in monthly blended payments of \$3,617 (2018 - \$3,617). The loan matures on July 1, 2022, collateralized by a ministerial guarantee from INAC, for the purpose of housing.  | 855,688              | 886,108             |
| BMO loan advance for the construction of new housing on reserve bearing interest at prime + 1% per annum.   | 6,901,570            | 364,500             |
|   | <b>\$ 10,423,846</b> | <b>\$ 4,078,752</b> |

Principal repayment terms are approximately:

|            |                      |
|------------|----------------------|
| 2020       | \$ 1,197,590         |
| 2021       | 151,709              |
| 2022       | 154,256              |
| 2023       | 156,850              |
| 2024       | 159,420              |
| Thereafter | 8,604,021            |
|            | <b>\$ 10,423,846</b> |

# ALEXIS NAKOTA SIOUX NATION

Notes to Consolidated Financial Statements

Year Ended March 31, 2019

## 13. TANGIBLE CAPITAL ASSETS

| Cost                  | 2018<br>Balance<br>(Restated)<br>(Note 21) | Additions            | Disposals   | 2019<br>Balance      |
|-----------------------|--|----------------------|-------------|----------------------|
| Housing               | \$ 13,762,353                              | \$ 6,852,888         | \$ -        | \$ 20,615,241        |
| General Equipment     | 2,646,211                                  | 19,715               | -           | 2,665,926            |
| Band Buildings        | 14,468,728                                 | 1,795,519            | -           | 16,264,247           |
| 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            |
| Vehicle               | -  | 37,301               | -           | 37,301               |
| Work in Progress      | 836,587                                    | 7,587,665            | -           | 8,424,252            |
|                       | <b>\$ 45,505,124</b>                       | <b>\$ 16,293,088</b> | <b>\$ -</b> | <b>\$ 61,798,212</b> |

| Accumulated Amortization | 2018<br>Balance<br>(Restated)<br>(Note 21) | Amortization        | Accumulated<br>Amortization<br>on Disposals | 2019<br>Balance      |
|--------------------------|--|---------------------|---|----------------------|
| Housing                  | \$ 7,686,790                               | \$ 451,754          | \$ -  | \$ 8,138,544         |
| General Equipment        | 2,571,969                                  | 23,683              | -   | 2,595,652            |
| Band Buildings           | 9,452,089                                  | 350,528             | -   | 9,802,617            |
| Roads                    | 1,678,843                                  | 62,376              | -   | 1,741,219            |
| Subdivision              | 1,739,548                                  | 88,299              | -   | 1,827,847            |
| Water Treatment Plant    | 1,104,876                                  | 108,616             | -   | 1,213,492            |
| Sewage Lagoon            | 2,638,516                                  | 263,869             | -   | 2,902,385            |
| Vehicle                  | -  | 5,595               | -   | 5,595                |
| Work in Progress         | -  | -                   | -   | -                    |
|                          | <b>\$ 26,872,631</b>                       | <b>\$ 1,354,720</b> | <b>\$ -</b>                                 | <b>\$ 28,227,351</b> |

| Net book value        | 2019                 | 2018<br>(Restated)<br>(Note 21) |
|-----------------------|----------------------|---------------------------------|
| Housing               | \$ 12,476,697        | \$ 6,075,563                    |
| General Equipment     | 70,274               | 74,242                          |
| Band Buildings        | 6,461,630            | 5,016,639                       |
| Roads                 | 399,961              | 462,337                         |
| Subdivision           | 510,091              | 598,389                         |
| Water Treatment Plant | 1,501,905            | 1,610,521                       |
| Sewage Lagoon         | 3,694,345            | 3,958,214                       |
| Vehicle               | 31,706               | -                               |
| Work in Progress      | 8,424,252            | 836,588                         |
|                       | <b>\$ 33,570,861</b> | <b>\$ 18,632,493</b>            |

Amortization on tangible capital assets held in Northern ISGA Foundation of \$24,058 (2018 - \$19,149) have been included in the Northern ISGA Foundation expense on the Statement of Operations.

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

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### 14. CONTINGENCIES

The 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 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

The Nation sponsors a defined contribution pension plan for certain employees. Under the plan, the Nation matches the employee's contribution to a maximum of 8.95% of total earnings. During the year, the Nation contributed \$223,346 (2018 - \$198,657) to the pension plan.

### 16. SEGMENTED INFORMATION

The 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 the 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 \$640,795 (2018 - \$499,638) were received from Yellowhead Tribal Council and its related entities. The Nation is a member of the Yellowhead Tribal Council through its Unity Agreement. Included in accounts receivable at March 31, 2019 is \$85,000 (2018 - \$nil) due from a Yellowhead Tribal Council entity.

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.

### 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. The 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. The Nation's exposure to fluctuations in interest rates is minimized as the total variable rate debt is kept to a manageable level.



# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

### 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 of the comparative figures have been reclassified to conform with current year's financial statement presentation.

### 21. RESTATEMENT OF COMPARATIVE FIGURES

Subsequent to the issuance of the 2018 financial statements, Alexis Nakota Sioux Nation determined that Northern ISGA Foundation, a government not-for-profit organization, should be consolidated fully into the financial statements of the Nation instead of the proportionate equity method.

The Nation also determined that it was able to quantify the financial impact of the stub period from January 1 - March 31 for the Alexis owned enterprises, accounted for using the modified equity method. Previously, the Nation had included only the financial impact up to December 31 to coincide with the financial statements of those entities.

As a result of these corrections, the following comparative figures have been restated:

|  | Balance as<br>Previously<br>Stated | Adjustment   | Balance as<br>Restated |
|--|------------------------------------|--------------|------------------------|
| <u>Consolidation of Northern ISGA Foundation</u> |                                    |              |                        |
| Statement of Financial Position:                 |                                    |              |                        |
| Cash   | \$ 8,648,974                       | \$ 1,013,015 | \$ 9,661,989           |
| Term deposits                                    | -                                  | 1,006,467    | 1,006,467              |
| Net accounts receivable                          | 143,041                            | 147,699      | 290,740                |
| Accounts payable and accrued liabilities         | 2,049,286                          | 157,980      | 2,207,266              |
| Deferred revenue                                 | 10,493,040                         | 2,294,398    | 12,787,438             |
| Prepaid expenses                                 | -                                  | 4,973        | 4,973                  |
| Tangible capital assets                          | 18,352,256                         | 280,237      | 18,632,493             |
| Accumulated surplus (share capital)              | -                                  | 8            | 8                      |
| Statement of Cash Flows:                         |                                    |              |                        |
| Amortization of tangible capital assets          | 1,264,664                          | 19,151       | 1,283,815              |
| Accrued interest on term deposits                | -                                  | 4,758        | 4,758                  |
| Accounts receivable                              | 1,213,756                          | (99,037)     | 1,114,719              |
| Accounts payable and accrued liabilities         | 707,200                            | 101,420      | 808,620                |
| Deferred revenue                                 | 5,791,212                          | 609,987      | 6,401,199              |
| Prepaid expenses                                 | -                                  | (4,973)      | (4,973)                |
| Purchase of term deposits                        | -                                  | (800,000)    | (800,000)              |
| Redemption of term deposits                      | -                                  | 925,000      | 925,000                |
| Acquisition of tangible capital assets           | (3,241,890)                        | (45,003)     | (3,286,893)            |
| Cash at beginning of period                      | 4,155,629                          | 711,304      | 4,866,933              |

(continues)

# ALEXIS NAKOTA SIOUX NATION

## Notes to Consolidated Financial Statements

Year Ended March 31, 2019

### 21. RESTATEMENT OF COMPARATIVE FIGURES (continued)

|  | Balance as<br>Previously<br>Stated | Adjustment | Balance as<br>Restated |
|--|------------------------------------|------------|------------------------|
| <b>Statement of Changes in Net Financial Assets:</b> |                                    |            |                        |
| Amortization of tangible capital assets              | 1,264,664                          | 19,151     | <b>1,283,815</b>       |
| Purchase of tangible capital assets                  | (3,241,890)                        | (45,003)   | <b>(3,286,893)</b>     |
| Decrease in prepaid expenses                         | -                                  | (4,973)    | <b>(4,973)</b>         |
| <b>Statement of Changes in Accumulated Surplus:</b>  |                                    |            |                        |
| Equity in tangible capital assets                    | 14,273,504                         | 280,237    | <b>14,553,741</b>      |
| Share capital  | -                                  | 8          | <b>8</b>               |
| Unrestricted surplus (deficit)                       | (1,595,605)                        | (280,238)  | <b>(1,875,843)</b>     |

#### January 1 - March 31 Stub Period Inclusion

|  |               |              |                      |
|--|---------------|--------------|----------------------|
| <b>Statement of Financial Position:</b>              |               |              |                      |
| Advances to Alexis owned enterprises                 | \$ 21,757,428 | \$ (575,614) | <b>\$ 21,181,814</b> |
| Advances from Alexis owned enterprises               | 1,088,984     | (666,009)    | <b>422,975</b>       |
| <b>Statement of Operations:</b>                      |               |              |                      |
| Share of income from Alexis owned enterprises        | 17,447,988    | 1,752,960    | <b>19,200,948</b>    |
| <b>Statement of Changes in Net Financial Assets:</b> |               |              |                      |
| Annual surplus for the year                          | 16,987,753    | 1,752,960    | <b>18,740,713</b>    |
| <b>Statement of Changes in Cash Flow:</b>            |               |              |                      |
| Annual surplus for the year                          | 16,987,753    | 1,752,960    | <b>18,740,713</b>    |
| Share of income from Alexis owned enterprises        | 17,447,988    | 1,752,960    | <b>19,200,948</b>    |
| <b>Statement of Changes in Accumulated Surplus:</b>  |               |              |                      |
| Equity in business entities - as at March 31, 2018   | 20,668,444    | 90,401       | <b>20,758,845</b>    |
| Accumulated surplus - as at March 31, 2017           | 28,131,907    | (1,662,552)  | <b>26,469,355</b>    |

**ALEXIS NAKOTA SIOUX NATION**  
**Consolidated Statement of Segment Disclosures**  
**Year Ended March 31, 2019**

|   | Administration and Tribal Government | Education         | Social Assistance  | Health            | Economic Development | Infrastructure     | Other Programs      | Capital Projects    | Other               | 2019                 |
|---|--------------------------------------|-------------------|--------------------|-------------------|----------------------|--------------------|---------------------|---------------------|---------------------|----------------------|
| <b>Revenue</b>                                |                                      |                   |                    |                   |                      |                    |                     |                     |                     |                      |
| INAC - deferred revenue                       | \$ 970,336                           | \$ 3,074,691      | \$ 3,601,459       | \$ -              | \$ 1,079,297         | \$ 597,884         | \$ -                | \$ 4,906,241        | \$ -                | \$ 14,229,908        |
| FNIH  | -                                    | 2,073,592         | -                  | 2,607,243         | (526,629)            | -                  | -                   | -                   | -                   | 1,546,963            |
| CMHC  | -                                    | -                 | -                  | -                 | -                    | -                  | -                   | 249,358             | -                   | 2,607,243            |
| Capital Trust Funds                           | 196,300                              | -                 | -                  | -                 | -                    | -                  | 90,000              | -                   | -                   | 249,358              |
| Alexis Settlement Trust                       | 740,934                              | -                 | -                  | -                 | -                    | -                  | -                   | -                   | -                   | 286,300              |
| NISGAF  | -                                    | -                 | -                  | -                 | -                    | -                  | -                   | -                   | -                   | 740,934              |
| Yellowhead Tribal Grants                      | 2,000                                | 251,925           | 323,826            | 13,045            | 50,000               | -                  | -                   | -                   | -                   | 640,796              |
| Government of Alberta                         | -                                    | 408,113           | 165,783            | -                 | 612,275              | -                  | -                   | -                   | -                   | 1,186,171            |
| Other   | 1,449,053                            | 479,703           | 158,409            | 38,061            | 2,247,879            | 442,947            | 150,000             | 137,810             | -                   | 5,100,862            |
| Deferred revenue                              | -                                    | (90,000)          | (14,634)           | 798,418           | -                    | -                  | -                   | -                   | -                   | 693,784              |
| Transfers                                     | 579,703                              | 121,956           | 42,708             | (26,329)          | (911,397)            | (32,970)           | 200,000             | -                   | -                   | 557,875              |
| Carried forward                               | -                                    | (335,742)         | (234,489)          | -                 | (395,316)            | (42,832)           | -                   | 1,592,583           | 2,184,113           | 2,184,113            |
| Northern ISGA Foundation                      | -                                    | -                 | -                  | -                 | -                    | -                  | -                   | -                   | -                   | -                    |
| Share of income from Alexis owned enterprises | -                                    | -                 | -                  | -                 | -                    | -                  | -                   | -                   | 7,311,141           | 7,311,141            |
|   | <b>3,938,326</b>                     | <b>5,984,238</b>  | <b>4,043,062</b>   | <b>3,427,438</b>  | <b>2,156,109</b>     | <b>965,029</b>     | <b>440,000</b>      | <b>5,885,992</b>    | <b>9,495,254</b>    | <b>37,335,448</b>    |
| <b>Expenses</b>                               |                                      |                   |                    |                   |                      |                    |                     |                     |                     |                      |
| Salaries and benefits                         | 920,885                              | 2,240,896         | 1,528,225          | 1,070,013         | 610,709              | 472,567            | -                   | -                   | -                   | 6,843,065            |
| Subcontractors                                | 230,610                              | 260,036           | 22,729             | 90,620            | 28,288               | 76,594             | -                   | -                   | -                   | 708,877              |
| Grants  | 63,096                               | 1,568,546         | 132,304            | -                 | -                    | 868                | -                   | 4,253,775           | -                   | 6,019,579            |
| Special events                                | 748,313                              | 77,506            | 19,032             | 371,272           | 198,843              | 9,610              | -                   | -                   | -                   | 1,424,576            |
| Professional fees                             | 604,119                              | 71,490            | 57,400             | 177,118           | 540,386              | -                  | -                   | 2,674,315           | -                   | 4,124,828            |
| Materials and supplies                        | 41,528                               | 113,550           | 72,821             | 87,541            | 27,457               | 42,064             | -                   | 345,559             | -                   | 730,520              |
| Insurance                                     | 72,872                               | 65,494            | 5,940              | 14,784            | -                    | 176,044            | -                   | 33,238              | -                   | 368,372              |
| Interest                                      | 125,525                              | 568               | -                  | -                 | -                    | -                  | -                   | 278,823             | -                   | 404,916              |
| Amortization                                  | -                                    | -                 | -                  | -                 | 88,299               | -                  | -                   | 1,242,362           | -                   | 1,330,661            |
| Honouraria                                    | 771,536                              | 72,815            | -                  | 79,819            | 39,350               | -                  | -                   | -                   | -                   | 963,520              |
| Travel  | 436,063                              | 76,592            | 64,639             | 95,681            | 146,682              | 9,282              | -                   | 56,524              | -                   | 885,433              |
| Telephone and utilities                       | 97,019                               | 70,218            | 17,670             | 39,150            | 34,625               | 87,179             | -                   | -                   | -                   | 345,861              |
| Allowances                                    | -                                    | -                 | -                  | -                 | 50,045               | -                  | -                   | -                   | -                   | 50,045               |
| Northern ISGA Foundation                      | -                                    | -                 | -                  | -                 | -                    | -                  | -                   | -                   | 2,184,113           | 2,184,113            |
| Other   | 359,717                              | 1,406,822         | 2,166,754          | 1,427,606         | 1,051,723            | 154,738            | 640,578             | 421,100             | -                   | 7,329,038            |
| Transfers to capital assets                   | -                                    | (345,077)         | -                  | (865,832)         | (318,568)            | -                  | -                   | (5,721,833)         | -                   | (8,251,310)          |
|   | <b>4,471,243</b>                     | <b>5,380,256</b>  | <b>4,087,514</b>   | <b>2,587,742</b>  | <b>2,497,819</b>     | <b>1,028,946</b>   | <b>640,578</b>      | <b>2,583,863</b>    | <b>2,184,113</b>    | <b>25,462,094</b>    |
|   | <b>\$ (532,917)</b>                  | <b>\$ 603,982</b> | <b>\$ (44,452)</b> | <b>\$ 839,696</b> | <b>\$ (341,730)</b>  | <b>\$ (63,917)</b> | <b>\$ (200,578)</b> | <b>\$ 4,302,129</b> | <b>\$ 7,311,141</b> | <b>\$ 11,873,354</b> |

See notes to consolidated financial statements

# ALEXIS NAKOTA SIOUX NATION

## Consolidated Summary Statement of Revenue and Expenses

Year Ended March 31, 2019

(Schedule 3)

| Page | INAC          | INAC -<br>Deferred<br>revenue | Carried<br>From Prior<br>Year | From(To)<br>Other<br>Departments | Other<br>Revenue | Total Revenue | Total<br>Expenses | 2019<br>Surplus<br>(Deficit) | 2018<br>Surplus<br>(Deficit) |
|------|---------------|-------------------------------|-------------------------------|----------------------------------|------------------|---------------|-------------------|------------------------------|------------------------------|
| 28   | \$ 970,336    | \$ -                          | \$ -                          | \$ 579,703                       | \$ 2,388,287     | \$ 3,938,326  | \$ 4,471,243      | \$ (532,917)                 | \$ (1,120,718)               |
| 29   | 4,294,438     | (1,589,540)                   | 2,017,642                     | 121,956                          | 1,139,742        | 5,984,238     | 5,380,256         | 603,982                      | 591,653                      |
| 31   | 3,601,459     | (234,489)                     | -                             | 42,708                           | 633,384          | 4,043,062     | 4,087,514         | (44,452)                     | 26,111                       |
| 32   | -             | -                             | -                             | -                                | 3,427,438        | 3,427,438     | 2,587,742         | 839,696                      | 53,205                       |
| 33   | 1,079,297     | (526,629)                     | -                             | (911,397)                        | 2,514,838        | 2,156,109     | 2,497,839         | (341,730)                    | (72,856)                     |
| 34   | 597,883       | -                             | -                             | (32,970)                         | 400,116          | 965,029       | 1,028,946         | (63,917)                     | 107,212                      |
| 35   | -             | -                             | -                             | 200,000                          | 240,000          | 440,000       | 640,578           | (200,578)                    | (587,891)                    |
| 36   | 4,906,241     | -                             | 1,592,583                     | -                                | 387,168          | 6,885,992     | 2,583,863         | 4,302,129                    | 543,048                      |
|      | -             | -                             | -                             | -                                | 2,184,113        | 2,184,113     | 2,184,113         | -                            | -                            |
|      | \$ 15,449,654 | \$ (2,350,658)                | \$ 3,610,225                  | \$ -                             | \$ 13,315,086    | \$ 30,024,307 | \$ 25,462,094     | \$ 4,562,213                 | \$ (460,236)                 |

See notes to consolidated financial statements