

Stoney First Nation
Consolidated Financial Statements
March 31, 2015

Stoney First Nation

Consolidated Financial Statements

March 31, 2015

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Stoney First Nation

Management's Responsibility for Financial Reporting

March 31, 2015

The accompanying consolidated financial statements of Stoney First Nation are the responsibility of management and have been approved by Council.

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

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

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

Council meets periodically with management, as well as the external auditors, 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, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Stoney First Nation and meet when required.

On behalf of Stoney First Nation:



Chief - Bearspaw First Nation

AUGUST 24, 2015
Date



Chief - Chiniki First Nation

AUGUST 24, 2015
Date



Chief - Wesley First Nation

AUGUST 24, 2015
Date



Chief Financial Officer

AUGUST 24, 2015
Date

Independent Auditors' Report

To the Members of Stoney First Nation

We have audited the accompanying consolidated financial statements of Stoney First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 auditors' 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 auditors consider internal control relevant to the First Nation'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 First Nation'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 consolidated financial position of Stoney First Nation as at March 31, 2015, and the consolidated results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada
August 24, 2015


Chartered Accountants

Stoney First Nation

Consolidated Statement of Financial Position

March 31 2015 2014

Financial Assets

Cash (Note 2)	\$ 10,326,843	\$ -
Restricted cash (Note 2)	8,125,014	9,155,331
Accounts receivable (Note 3)	10,653,338	14,536,920
Trust funds (Note 4)	227,629,216	245,710,778
	<u>256,734,411</u>	<u>269,403,029</u>

Liabilities

Bank indebtedness (Note 2)	-	2,527,097
Operating loan (Note 5)	126,667	1,961,667
Accounts payable and accrued liabilities	8,233,643	7,134,355
Deferred revenue (Note 6)	23,838,848	15,791,458
Long-term debt (Note 7)	50,507,738	51,953,317
	<u>82,706,896</u>	<u>79,367,894</u>

Net financial assets **174,027,515** 190,035,135

Non-financial Assets

Capital assets (Note 8)	185,539,264	185,658,910
Prepaid expenses	787,605	679,076
Inventories (Note 9)	426,875	448,306
	<u>186,753,744</u>	<u>186,786,292</u>




Accumulated Surplus (Note 10) **\$360,781,259** \$376,821,427

Accumulated surplus is comprised of:

Accumulated operating surplus	\$359,501,178	\$376,260,169
Accumulated remeasurement gains	1,280,081	561,258
Accumulated Surplus	\$360,781,259	\$376,821,427

Contingent liabilities (Note 11)

Approved on behalf of the Council

 Chief - Bears paw First Nation
 Chief - Chiniki First Nation
 Chief - Wesley First Nation

Stoney First Nation

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
Revenue			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	\$ 34,296,059	\$ 34,946,260	\$ 31,449,905
CMHC subsidy	-	1,965,866	1,083,075
HRD funds	-	1,478,752	1,338,028
Health Canada	6,284,379	6,410,963	6,077,804
First Nation Development Funds	3,500,000	3,525,802	3,259,281
Other provincial funding	4,638,017	4,549,524	6,660,600
Investment and royalties income	25,406,357	17,265,887	21,664,034
Band owned business enterprises	1,836,000	19,630,228	19,794,189
Other income	22,279,643	18,021,571	10,885,454
	98,240,455	107,794,853	102,212,370
Expenses (Note 15)			
Education	16,400,272	16,040,213	15,558,098
Health	5,936,103	6,752,009	5,923,233
Economic Development	668,855	575,211	496,529
Housing	8,033,232	7,613,442	9,793,724
Community Service	8,595,300	5,257,680	4,597,027
Social Services	13,863,022	13,711,393	12,263,231
Band Government	8,646,137	12,340,998	11,294,580
Employment Programs	2,290,890	1,857,600	1,935,714
Public Works	10,082,256	5,979,437	5,252,234
Amortization	11,040,000	11,038,885	10,512,226
Other	23,724,388	43,386,976	35,003,411
	109,280,455	124,553,844	112,630,007
Deficiency of revenue over expenses	(11,040,000)	(16,758,991)	(10,417,637)
Accumulated operating surplus, beginning of year	376,260,169	376,260,169	386,677,806
Accumulated operating surplus, end of year	\$365,220,169	\$359,501,178	\$376,260,169

Stoney First Nation**Consolidated Statement of Remeasurement Gains and Losses**

For the year ended March 31	2015	2014
Accumulated remeasurement gains, beginning of year	\$ 561,258	\$ 994,454
Unrealized gains (losses) on portfolio investments	718,823	(433,196)
Accumulated remeasurement gains, end of year	\$ 1,280,081	\$ 561,258

Stoney First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
Deficiency of revenue over expenses	\$ (11,040,000)	\$ (16,758,991)	\$ (10,417,637)
Acquisition of tangible capital assets	-	(10,919,241)	(6,361,703)
Amortization of tangible capital assets	11,040,000	11,038,887	10,512,226
	-	119,646	4,150,523
Acquisition of prepaid asset	-	(108,529)	(111,550)
Use (acquisition) of inventories	-	21,431	(117,929)
Net remeasurement gains (losses)	-	718,823	(433,196)
Decrease in net financial assets	-	(16,007,620)	(6,929,789)
Net financial assets, beginning of year	190,035,135	190,035,135	196,964,924
Net financial assets, end of year	\$190,035,135	\$174,027,515	\$190,035,135

Stoney First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2015	2015	2014
Cash flows from		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (16,758,991)	\$ (10,417,637)
Items not affecting cash		
Amortization	11,038,887	10,512,226
	(5,720,104)	94,589
Change in non-cash operating working capital		
Accounts receivable	3,883,582	(6,631,741)
Inventories	21,431	(117,929)
Prepaid expenses	(108,529)	(111,550)
Accounts payable and accrued liabilities	1,099,287	(926,237)
Deferred revenue	8,047,390	(2,943,079)
	7,223,057	(10,635,947)
Capital activities		
Purchase of capital assets	(10,919,240)	(6,361,703)
Financing activities		
Long-term debt proceeds	1,087,566	2,004,304
Repayment of long-term debt	(2,533,145)	(2,615,587)
	(1,445,579)	(611,283)
Investing activities		
Decrease in trust funds	18,081,562	3,069,563
Net remeasurement gains (losses)	718,823	(433,196)
Decrease (increase) in restricted cash	1,030,317	(898,205)
	19,830,702	1,738,162
Increase (decrease) in cash and cash equivalents	14,688,940	(15,870,771)
Cash and cash equivalents, beginning of year	(4,488,764)	11,382,007
Cash and cash equivalents, end of year	\$ 10,200,176	\$ (4,488,764)
Represented by		
Cash	\$ 10,959,880	\$ 2,077,804
Bank indebtedness	(633,037)	(4,604,901)
Operating loan	(126,667)	(1,961,667)
	\$ 10,200,176	\$ (4,488,764)

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity principles of financial reporting

The Stoney First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

The Consolidated Financial Statements include the assets, liabilities and results of operations for the following entities:

Bearspaw First Nation	Morley Health Centre
Bearspaw Settlement Funds	Nakoda Emergency Medical Services
Bearspaw Service Centre	Stoney Nakoda Telecom
Bearspaw Subway	Education Authority
Eden Valley Reserve	Social Assistance
Eden Valley Medical Services	Child and Family Services
Chiniki First Nation	Social Housing
Chiniki Settlement Funds	Ottawa Trust Funds
Chiniki Restaurant	Per Capita Distribution
Chiniki Gas Bar	Mini Thni Foundation
Chiniki Grocery	Stoney Nakoda Resort
Wesley First Nation	Stoney Nakoda Holdings Ltd.
Wesley Settlement Funds	Stoney Nakoda Land Management Ltd.
Stoney Nakoda Economic Development Ltd.	Horse Shoe Lands Developments
Mini Thni Casino Corporation	218336 Development Ltd.
Big Horn Reserve	Stoney Nakoda Developments Ltd.
Big Horn Medical Service	1117123 Alberta Ltd.
Nakoda Lodge Ltd.	Nakoda Oil and Gas Ltd.
Tribal Common	Nakoda Contracting Ltd.
Morley Common	Iyahrhe Nakoda Food Bank Society
Stoney Nakoda Economic Development Trust	Capital Projects
Capital Education	Mini Thni Hotel Corporation
Mini Thni Utility Corporation	Mini Thni Utility Corporation

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances in bank accounts, net of bank overdrafts.

(c) Inventory

Inventory is valued at lower of cost and net realizable value. Cost is determined using the first in first out method.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Basis of Presentation and Significant Accounting Policies (continued)

(d) Investments

First Nation business enterprises that are owned or controlled by the Stoney First Nation are consolidated with the accounts of the First Nation as they do not qualify as government business enterprises.

Investments in term deposits, treasury bills and bonds are carried at fair value.

Investments are written down where there has been a loss in value that is other than a temporary decline.

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Nation's incremental cost of borrowing.

Amortization is provided on the straight-line basis over the estimated useful life of the asset as follows:

Land	0 years Straight line
Buildings	20 years Straight line
Automotive equipment	3 years Straight line
Computer equipment	3 years Straight line
Furniture and Equipment	5 years Straight line
CMHC housing	20 years Straight line

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-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

1. Basis of Presentation and Significant Accounting Policies (continued)

(f) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

Other income is recognized when earned and collection is reasonably assured.

(g) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

A significant estimate made in the preparation of the accompanying consolidated financial statements involves the recoverability of expenditures incurred with respect to flood disaster clean up costs. As the expenditures are to be submitted, reviewed and approved by the Provincial Government prior to receiving the funds, management has estimated the recoverable amounts based on submitted expenditures.

Oil and gas royalties and surface rights payments related to oil and gas exploration and development activities are administered directly by the Government of Canada ("Canada") under the provisions of the Indian Oil and Gas Act. The Nation records receipts based on currently available information supplied by Canada. Royalty payments from oil and gas producers are subject to periodic revision. Adjustments are recorded by the Nation in the period that the information becomes available.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

2. Cash

	2015	2014
Externally restricted		
Cash Held in Trust	\$ 5,823,647	\$ 5,777,494
Replacement Reserve	1,927,056	2,060,233
Mini Thni Foundation	374,311	1,317,604
	<hr/> 8,125,014	<hr/> 9,155,331
Unrestricted		
Bank indebtedness	(633,037)	(4,604,901)
Cash	10,959,880	2,077,804
	<hr/> 10,326,843	<hr/> (2,527,097)
	<hr/> \$ 18,451,857	<hr/> \$ 6,628,234

Cash held in trust

Cash held in trust relates to the debt service reserve fund requirement of the Forbearance Agreement dated July 25, 2012 as described in note 7.

Bank indebtedness

The bank indebtedness is secured by deposits of the Stoney First Nation.

3. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 768,367	\$ 2,596,146
Government of Alberta - flood damage recovery	775,765	3,380,422
Other	9,109,206	8,560,352
	<hr/> \$ 10,653,338	<hr/> \$ 14,536,920

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

4. Trust funds

	2015	2014
Trust funds held by Ottawa:		
Capital account	\$ 10,770,866	\$ 12,475,966
Revenue account	4,747,586	7,865,262
Heritage capital account	183,714,961	183,714,961
Heritage revenue account	3,193,148	4,016,687
Other funds held in trust:		
Stoney Nakoda Economic Development Trust	5,352,459	16,993,679
Bearspaw Settlement Trust	6,974,500	6,710,787
Chiniki Settlement Trust	6,183,172	7,327,329
Wesley Settlement Trust	6,692,524	6,606,107
	\$227,629,216	\$245,710,778

Trust funds held by Ottawa

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

The Heritage Royalty Trust Fund Capital Account was established in 1996 and is funded via the Ottawa Trust Fund Capital Account. The required annual contribution is graduated and ranges from a minimum of \$1 million to 50% of actual receipts over \$20 million. Commencing with the year ended March 31, 2010, the Nation has suspended the transfer.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

\$1,866,726 is held as security on housing loans.

Settlement trusts

Trusts were established in connection with the settlement of specific claims. The trust assets consist primarily of high grade government and corporate bonds with an annual yield of approximately 4%. The Stoney Nakoda Economic Development Trust also has made authorized loans to the Nation's entities of \$11,411,801 (2014 \$4,871,199). The securities are recorded at fair value and the loans are recorded at amortized cost.

5. Operating loan

Bank demand loan bearing interest at Royal Bank prime plus 1% secured by a band council resolution that authorizes redirection of funds received from specific government contribution agreements.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

6. Deferred revenue

Deferred revenue represents the following monies received for various First Nation operated programs which will be recognized as revenue in the fiscal year when the related expenditures are incurred.

	2015	2014
AANDC	\$ 806,033	\$ 1,968,057
Band funds	3,915,933	3,251,427
Band business entities	75,000	180,430
Health Canada	-	530,295
HRD	55,368	45,468
Other	14,508,191	9,463,610
Provincial Funding	4,478,324	352,171
	<hr/> \$ 23,838,848	<hr/> \$ 15,791,458

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

7. Long-term debt

	2015	2014
CMHC housing loans payable to various financial institution in monthly installments of \$180,431 including interest at rates varying from 1.01% to 3.76% with various maturity dates to 2035, secured by Ministerial guarantees and \$1,866,726 of Ottawa trust funds.	\$ 20,845,131	\$ 20,988,470
Financing repayable in equal monthly installments of \$276,848 including interest at 6.65%, due October 2028. The loan is secured by guarantees of the Stoney First Nation, a first mortgage on lands held by 218336 Development Ltd. and an assignment of First Nation Development Funds. At the year end, the Nation was in breach of the debt service coverage ratio and the required contributions to the maintenance reserve fund account. Per the Forbearance Agreement dated July 25, 2012, the lender waived its right to demand repayment as a result of the default until after March 31, 2015. As at March 31, 2015, arrangements were being made between the trust and Corpfinance to have a new Forebearance Agreement signed but have not been completed. As a result, the Nation is in breach of its agreement. As at March 31, 2015 the maintenance reserve is under-funded by \$3,650,007 (2014: \$2,869,568).	29,662,607	30,964,847
	\$ 50,507,738	\$ 51,953,317

Principal portion of long-term debt due within the next five years:

2016	\$ 2,601,677
2017	2,603,091
2018	2,641,941
2019	2,709,118
2020 and thereafter	39,951,911
	\$ 50,507,738

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

8. Tangible capital assets

	Cost				Accumulated amortization			2015 net book value
	Balance, beginning of year	Additions	Disposals/ Transfers	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 19,036,515	\$ -	\$ -	\$ 19,036,515	\$ -	\$ -	\$ -	\$ 19,036,515
Buildings	219,939,172	7,195,145	-	227,134,317	68,049,115	8,509,641	76,558,756	150,575,561
Automotive equipment	5,133,263	291,477	-	5,424,740	4,325,430	365,016	4,690,446	734,294
Computer equipment	1,010,280	157,438	-	1,167,718	889,505	98,865	988,370	179,348
Furniture and equipment	5,031,406	1,092,885	-	6,124,291	4,281,341	363,634	4,644,975	1,479,316
CMHC housing	34,034,617	-	-	34,034,617	26,298,715	1,701,731	28,000,446	6,034,171
Work in progress building	5,317,763	2,182,296	-	7,500,059	-	-	-	7,500,059
	\$ 289,503,016	\$ 10,919,241	\$ -	\$ 300,422,257	\$ 103,844,106	\$ 11,038,887	\$ 114,882,993	\$ 185,539,264

	Cost				Accumulated amortization			2014 Net book value
	Balance, beginning of year	Additions	Disposals/ Transfers	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 19,036,515	\$ -	\$ -	\$ 19,036,515	\$ -	\$ -	\$ -	\$ 19,036,515
Buildings	215,804,931	4,134,241	-	219,939,172	60,243,218	7,805,897	68,049,115	151,890,057
Automotive equipment	4,643,712	489,551	-	5,133,263	4,053,193	272,237	4,325,430	807,833
Computer equipment	963,424	46,856	-	1,010,280	815,306	74,199	889,505	120,775
Equipment	4,573,592	460,908	(3,094)	5,031,406	3,623,178	658,163	4,281,341	750,065
CMHC housing	34,034,617	-	-	34,034,617	24,596,985	1,701,730	26,298,715	7,735,902
Work in progress building	4,084,522	2,813,274	(1,580,033)	5,317,763	-	-	-	5,317,763
	\$ 283,141,313	\$ 7,944,830	\$ (1,583,127)	\$ 289,503,016	\$ 93,331,880	\$ 10,512,226	\$ 103,844,106	\$ 185,658,910

Stoney First Nation

Notes to Consolidated Financial Statements

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9. Inventories

	2015	2014
Food and beverages	\$ 187,334	\$ 174,092
Tobacco	186,171	162,486
Fuel	53,370	96,421
Gift shop	-	15,307
	\$ 426,875	\$ 448,306

10. Accumulated surplus

	2015	2014
Operating fund	\$ (5,219,796)	\$ (5,216,415)
Capital fund	135,031,526	133,705,593
Trust fund	227,629,216	245,710,758
Replacement reserve	2,060,233	2,060,233
Remeasurement gains	1,280,080	561,258
	\$360,781,259	\$376,821,427

11. Contingent liabilities

A. Legal

Stoney First Nation has been named as defendant in certain legal proceedings. The Band is actively defending all lawsuits.

The Nation is currently defending claims for wrongful dismissal. Since the claims are at a preliminary stage, the amount of loss, if any, cannot be reasonably estimated. Should a loss be incurred, it will be expensed in the year the liability is determined.

There are also several proceedings in the Federal Court and Court of Queen's Bench of Alberta with respect to logging on the Stoney First Nation reserves in which the Stoney First Nation is plaintiff which were pending as of March 31, 2009. The Crown is a defendant in certain of these proceedings and is also a plaintiff in one of the proceedings.

The Stoney First Nation is also a plaintiff in three actions filed by the Court of Queen's Bench of Alberta and the Supreme Court of British Columbia regarding aboriginal title and aboriginal and treaty rights of the Stoney First Nation in Alberta and British Columbia respectively and in the Court of Queen's Bench for Saskatchewan regarding aboriginal and treaty rights of the Stoney First Nation in lands and resources in certain areas of Saskatchewan. All three actions also raise fundamental issues in relation to the nature and scope of Treaty No. 7.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

11. Contingent liabilities (continued)

B. Contributions

Government contributions related to the projects of the First Nation are subject to conditions regarding the expenditure of funds. The First Nation's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the consolidated financial statements as a result of these audits will be recorded in the period in which they become known.

12. CMHC replacement reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation. At the year end, the replacement reserve was overfunded.

13. Employment retirement plan

The organization has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 3.5% and 7.5% of their gross pay with the organization making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2015 were \$879,563 (2014: \$818,501).

14. Flood relief recovery

In June 2013 the Nation experienced flooding which resulted in damage to roads, housing and infrastructure. The Nation requested relief from the Government of Alberta through the Government's Disaster Relief plan. As at March 31, 2015 the Nation has a receivable of \$775,765 with respect expenditures submitted under the plan.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

15. Expenses

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
Amortization	\$ 11,040,000	\$ 11,038,887	\$ 10,512,226
Contracted services	8,637,642	8,922,536	5,570,295
Insurance	-	1,398,704	1,161,461
Interest expense	-	2,988,820	2,687,373
Program costs	40,733,321	51,082,883	40,032,277
Repairs and maintenance	8,271,491	5,530,878	10,643,360
Salaries, wages and benefits	30,203,134	33,919,236	32,315,769
Telephone and utilities	6,092,197	5,258,931	5,543,771
Travel and meetings	2,712,745	2,972,921	2,229,127
Tuition and Student Allowance	1,589,925	1,440,048	1,934,348
	\$109,280,455	\$124,553,844	\$112,630,007

16. Financial instruments

The Nation's financial instruments consist of accounts receivable, due to/from other First Nation's entities, bank indebtedness, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk. The Nation also has liquidity risk in respect of its accounts payable, bank indebtedness and long term debt. The Nation minimizes this risk by monitoring cash flows and the terms and conditions negotiated with trade creditors and lenders. The Nation is subject to interest rate risk arising primarily from fluctuations in rates on bank overdraft facilities.

17. Economic dependence

Stoney First Nation receives a significant portion of its revenue pursuant to funding agreements with Aboriginal Affairs and Northern Development Canada and Health Canada.

18. Budget

The budget reported in the financial statements was provided by management and is unaudited.

19. Comparative amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

20. Segmented information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 2. The segment results for the period are as follows:

	2015 Budget	Education 2015 Actual	2014 Actual	2015 Budget	Health 2015 Actual	2014 Actual	2015 Budget	Economic Development 2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	14,273,794	14,256,436	13,986,041	-	-	-	424,707	330,857	330,778
Health Canada	80,000	40,822	69,981	4,880,325	6,269,433	5,790,052	-	-	-
Investment and royalties income	367,466	272,094	200,975	91,532	101,967	5,582	76,148	105,926	113,320
Provincial funding	140,000	129,712	248,224	70,000	4,107	15,893	-	675,000	-
Other revenue	1,539,012	1,608,399	720,219	894,246	793,322	137,880	170,400	(536,573)	78,402
Total revenue	16,400,272	16,307,463	15,225,440	5,936,103	7,168,829	5,949,407	671,255	575,210	522,500
Expenses									
Salaries, wages and benefits	9,556,161	9,549,411	9,483,593	2,769,110	3,760,867	3,849,868	169,626	174,447	175,965
Contracted services	1,356,921	1,243,404	1,320,764	1,053,823	1,152,309	746,750	154,146	222,902	122,805
Repairs and maintenance	897,584	883,709	724,969	150,274	353,998	198,181	-	-	-
Travel and meetings	499,065	516,110	454,693	68,501	208,246	232,335	24,630	5,302	59,613
Telephone and utilities	429,186	441,649	517,857	8,600	56,347	68,896	8,200	4,746	6,575
Tuition and Student Allowance	1,025,564	996,172	993,958	-	-	10,007	87,093	4,731	9,683
Other expenses	2,635,791	2,409,758	2,062,264	1,885,795	1,220,242	817,196	225,160	163,082	121,888
Total expenses	16,400,272	16,040,213	15,558,098	5,936,103	6,752,009	5,923,233	668,855	575,210	496,529
Annual surplus (deficit)	-	267,250	(332,658)	-	416,820	26,174	2,400	-	25,971

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

20. Segmented information, continued

	2015 Budget	Housing 2015 Actual	2014 Actual	2015 Budget	Community Service 2015 Actual	2014 Actual	2015 Budget	Social Services 2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	623,192	623,192	246,648	379,731	379,731	330,672	11,028,577	12,185,120	10,549,222
CMHC subsidy	-	1,965,866	1,083,075	-	-	-	-	-	-
HRD funds	-	-	-	-	707,543	506,742	-	-	-
Health Canada	-	-	-	144,000	100,708	217,771	-	-	-
Investment and royalties income	7,673,704	5,601,093	3,162,317	5,607,953	2,433,492	2,144,615	99,937	30,901	140,000
Provincial funding	-	7,173	2,399,160	-	(80)	-	-	228,475	296,256
Other revenue	(263,664)	1,801,609	3,191,298	2,463,616	1,941,286	694,667	2,734,508	1,237,365	1,005,025
Total revenue	8,033,232	9,998,933	10,082,498	8,595,300	5,562,680	3,894,467	13,863,022	13,681,861	11,990,503
Expenses									
Salaries, wages and benefits	1,067,761	1,186,903	1,144,706	4,701,891	2,216,999	1,997,933	3,165,998	3,149,879	2,905,328
Contracted services	440,694	474,185	298,115	505,284	426,085	52,370	426,882	516,620	268,276
Repairs and maintenance	2,057,272	2,681,394	3,899,985	289,384	125,755	375,926	27,467	16,556	47,455
Travel and meetings	64,500	110,679	64,163	476,300	200,698	154,402	330,138	364,706	318,788
Telephone and utilities	3,204,800	2,757,932	3,258,955	622,100	446,018	376,897	93,549	57,177	40,192
Tuition and Student Allowance	-	-	-	31,768	31,219	78,026	-	-	2,100
Other expenses	1,198,205	402,349	1,127,800	1,968,573	1,810,906	1,561,473	9,818,988	9,606,455	8,681,092
Total expenses	8,033,232	7,613,442	9,793,724	8,595,300	5,257,680	4,597,027	13,863,022	13,711,393	12,263,231
Annual surplus (deficit)	-	2,385,491	288,774	-	305,000	(702,560)	-	(29,532)	(272,728)

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

20. Segmented information, continued

	Band Government			Employment Programs			Public Works		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	1,609,302	1,609,303	1,492,784	268,033	361,883	314,201	5,259,651	4,770,666	4,091,363
HRD funds	-	-	-	-	771,209	831,286	-	-	-
Investment and royalties income	6,722,597	6,356,473	6,027,506	167,119	167,119	165,268	1,821,298	237,611	225,743
Provincial funding	(25,000)	(25,000)	-	780,065	518,967	29,868	-	-	-
Band owned business enterprises	-	2,276,132	2,409,050	-	-	-	-	-	-
Other revenue	364,238	3,704,373	1,981,203	1,075,673	16,599	429,842	3,001,307	2,864,371	1,676,880
Total revenue	8,671,137	13,921,281	11,910,543	2,290,890	1,835,777	1,770,465	10,082,256	7,872,648	5,993,986
Expenses									
Salaries, wages and benefits	2,865,891	6,068,511	5,553,264	787,296	668,406	814,877	1,212,689	1,358,721	1,306,803
Contracted services	1,730,245	1,622,310	1,176,537	610,715	489,778	218,951	710,494	791,636	337,891
Repairs and maintenance	4,500	25,134	28,019	14,000	9,452	-	1,779,403	963,373	624,171
Travel and meetings	574,925	951,514	426,967	68,376	48,579	43,774	190,496	195,938	272,477
Telephone and utilities	393,359	402,496	382,400	30,275	24,471	27,809	99,371	110,045	95,058
Tuition and Student Allowance	-	-	-	418,500	405,689	580,239	-	-	-
Other expenses	3,102,217	3,271,033	3,727,393	361,728	211,225	250,064	6,089,803	2,559,724	2,615,834
Total expenses	8,671,137	12,340,998	11,294,580	2,290,890	1,857,600	1,935,714	10,082,256	5,979,437	5,252,234
Annual surplus (deficit)	-	1,580,283	615,963	-	(21,823)	(165,249)	-	1,893,211	741,752

Stoney First Nation

Notes to Consolidated Financial Statements

March 31, 2015

20. Segmented information, continued

	2015 Budget	Amortization 2015 Actual	2014 Actual	2015 Budget	Other 2015 Actual	2014 Actual	2015 Budget	Consolidated totals 2015 Actual	2014 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	-	-	-	429,072	429,072	108,196	34,296,059	34,946,260	31,449,905
CMHC subsidy	-	-	-	-	-	-	-	1,965,866	1,083,075
HRD funds	-	-	-	-	-	-	-	1,478,752	1,338,028
First Nation Development Funds	-	-	-	3,500,000	3,525,802	3,259,281	3,500,000	3,525,802	3,259,281
Health Canada	-	-	-	1,180,054	-	-	6,284,379	6,410,963	6,077,804
Investment and royalties income	-	-	-	2,778,603	1,959,211	9,478,708	25,406,357	17,265,887	21,664,034
Provincial funding	-	-	-	3,672,952	3,011,170	3,671,199	4,638,017	4,549,524	6,660,600
Band owned business enterprises	-	-	-	1,836,000	17,354,096	17,385,139	1,836,000	19,630,228	19,794,189
Other revenue	-	-	-	10,325,307	4,590,820	970,038	22,279,643	18,021,571	10,885,454
Total revenue	-	-	-	23,721,988	30,870,171	34,872,561	98,240,455	107,794,853	102,212,370
Expenses									
Salaries, wages and benefits	-	-	-	3,906,711	5,785,092	5,083,432	30,203,134	33,919,236	32,315,769
Contracted services	-	-	-	1,648,438	1,983,307	1,027,836	8,637,642	8,922,536	5,570,295
Repairs and maintenance	-	-	-	3,051,607	471,507	4,744,654	8,271,491	5,530,878	10,643,360
Travel and meetings	-	-	-	415,814	371,149	201,915	2,712,745	2,972,921	2,229,127
Telephone and utilities	-	-	-	1,202,757	958,050	769,132	6,092,197	5,258,931	5,543,771
Amortization	11,040,000	11,038,885	10,512,226	-	-	-	11,040,000	11,038,885	10,512,226
Tuition and Student Allowance	-	-	-	27,000	2,237	260,335	1,589,925	1,440,048	1,934,348
Other expenses	-	-	-	13,472,061	33,815,634	22,916,107	40,733,321	55,470,409	43,881,111
Total expenses	11,040,000	11,038,885	10,512,226	23,724,388	43,386,976	35,003,411	109,280,455	124,553,844	112,630,007
Annual surplus (deficit)	(11,040,000)	11,038,885	(10,512,226)	(2,400)	(12,516,805)	(130,850)	(11,040,000)	(16,758,991)	(10,417,637)