

**Blood Tribe Consolidated
Consolidated Financial Statements**
For the year ended March 31, 2015

**Blood Tribe Consolidated
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For the year ended March 31, 2015

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Management's Responsibility

To the Chief and Council and Members of the Blood Tribe:

The accompanying consolidated financial statements of the Blood Tribe are the responsibility of management and have been approved by the Chief and Council.

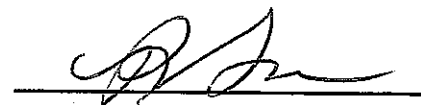
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Blood Tribe Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Blood Tribe's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council on behalf of the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 14, 2015



Wail feathers
Annabel Coy-Lund-Woef

Senior
Management



Senior Finance
Officer

Independent Auditors' Report



To the Chief and Council and Members of the Blood Tribe:

We have audited the accompanying consolidated financial statements of Blood Tribe, which comprise the consolidated statements of financial position as at March 31, 2015 and the consolidated statements of operations by function, operations by object, changes in net financial assets, cash flows and the related schedules 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Blood Tribe as at March 31, 2015 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta

July 14, 2015

MNP LLP
Chartered Accountants



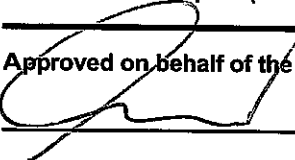
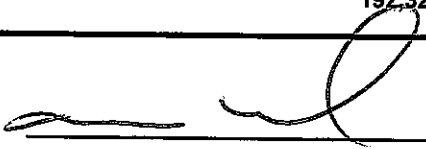
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Blood Tribe Consolidated
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Current		
Cash resources	4,213,163	13,087,411
Temporary investments (Note 3)	5,819,566	5,631,566
Accounts receivable (Note 4)	20,461,763	9,040,593
	30,494,492	27,759,570
Investment in business enterprises (Note 5)	18,527,159	16,683,962
Restricted cash (Note 6)	4,851,437	3,296,851
Trust assets (Note 7)	74,331,742	80,342,087
Other long-term investments (Note 8)	-	228,251
	128,204,830	128,310,721
Total financial assets	128,204,830	128,310,721

The accompanying notes are an integral part of these financial statements

**Blood Tribe Consolidated
Consolidated Statement of Financial Position**
As at March 31, 2015

	2015	2014
Liabilities		
Current		
Accounts payable and accruals (Note 10)	7,474,459	7,463,202
Deferred revenue (Note 11)	8,111,791	5,533,648
Current portion of long-term debt (Note 12)	2,968,386	3,677,955
Current portion of capital lease obligations (Note 13)	2,125	28,497
	18,556,761	16,703,302
Long-term debt (Note 12)	17,558,193	18,963,031
Capital lease obligations (Note 13)	-	2,125
Replacement reserves (Note 14)	2,465,183	3,346,351
Total financial liabilities	38,580,137	39,014,809
Net financial assets	89,624,693	89,295,912
Contingencies and guarantees (Note 15)		
Non-financial assets		
Tangible capital assets (Note 16)	93,642,722	94,194,462
Inventories of supplies	1,683,612	913,955
Prepaid expenses	638,040	621,754
Construction in progress (Note 17)	6,732,057	4,174,476
Total non-financial assets	102,696,431	99,904,647
Accumulated surplus (Note 18)	192,321,124	189,200,559
Approved on behalf of the Blood Tribe		
 _____ Chief	 _____ Council Member	

The accompanying notes are an integral part of these financial statements

**Blood Tribe
Consolidated Statement of Operations by Function**

For the year ended March 31, 2015

	AANDC Revenue	Band Capital	Band Revenue	Other Revenue	Total Revenue	Expenses	Annual Surplus (Deficit) March 31, 2015	Transfers of Equity	Accumulated Surplus (Deficit) March 31, 2014	Accumulated Surplus (Deficit) March 31, 2015
Public Services										
Blood Tribe Employment and Skills Training	342,124	-	-	2,772,677	3,114,801	2,910,871	203,930	-	1,571,532	1,775,462
Family and Community Support Services	1,525,885	-	100,000	1,124,116	2,750,001	2,804,499	(54,498)	-	432,828	378,428
Housing Authority	1,625,175	8,178,355	-	2,658,463	10,461,983	5,377,535	5,084,448	(1,121,687)	2,857,710	8,620,471
Housing Society	45,853	345,686	-	5,179,968	5,565,299	6,277,931	(712,635)	1,983,879	6,966,970	8,238,314
Public Works	5,590,238	800,000	-	653,485	7,043,723	7,699,023	(655,300)	-	21,773,321	21,118,021
Recreation	1,410,318	-	119,391	1,268,741	2,792,450	2,576,078	216,372	-	9,463,928	9,700,288
Social Development	13,674,862	-	1,095,252	29,989	14,800,213	13,188,615	1,631,598	-	1,445,808	3,077,406
	24,214,355	7,324,040	1,308,643	13,681,429	46,528,467	40,814,552	5,713,915	682,292	44,332,193	50,908,400
Governance and Administration										
Administration (1)	8,504,500	4,683,400	1,265,335	2,089,350	16,572,585	15,784,483	808,102	-	15,487,694	16,295,788
Revenue Fund	-	-	-	(1,018,467)	(1,018,467)	7,275,036	(8,293,503)	-	83,406,145	75,112,642
Real Estate	212,168	228,887	-	1,436,947	1,878,012	2,209,778	(333,766)	-	1,866,550	1,332,784
	8,716,668	4,910,287	1,285,335	2,517,830	17,430,130	25,249,297	(7,819,167)	-	100,580,389	92,741,202
Economic Programs										
Economic Development	748,240	-	-	105,387	853,627	762,083	91,544	-	1,517,289	1,608,833
Farming Initiative	500,000	-	680,000	3,786,986	4,966,986	1,140,342	3,826,644	(2,125,760)	957,547	2,688,441
628125 Alberta Ltd. (operating as KWHP)	-	-	-	273,349	273,349	141,204	132,145	-	392,577	524,722
Kainaiwa Developments Ltd.	105,484	-	-	63,488	168,972	246,081	(77,109)	-	1,912,374	1,835,265
Blood Tribe First Nation Development Fund	-	-	-	1,354,824	1,354,824	1,343,146	11,678	-	59,774	71,452
Kainaiwa Resources Inc.	50,000	-	680,416	245,070	955,486	1,216,449	(260,963)	171,951	501,303	412,291
Lands	187,555	-	150,000	1,596,457	2,174,042	2,212,112	(38,070)	-	371,088	332,998
	1,591,309	-	1,490,416	7,665,551	10,747,276	7,061,397	3,685,879	(1,953,609)	5,711,912	7,443,982
Entities										
Kainaiwa Children's Services Combined	8,123,714	-	-	4,899,247	13,022,961	11,914,897	1,108,064	-	3,359,189	4,467,233
Blood Tribe Department of Health Inc.	485,000	-	-	12,898,446	13,323,446	13,184,192	139,254	-	11,842,344	11,981,598
Red Crow Community College	7,555,360	-	620,000	1,996,195	10,171,555	11,184,724	(1,023,169)	-	(21,695)	(1,044,864)
Kainaiwa Education Society	27,205,348	-	100,000	2,791,352	30,096,700	29,314,517	782,383	(848,000)	11,688,352	11,823,735
Police	-	-	-	6,177,849	6,177,849	6,080,264	97,585	-	746,358	843,943
	43,369,422	-	720,000	28,703,089	72,792,511	71,688,394	1,104,117	(848,000)	27,615,528	28,071,645
	77,891,754	12,234,337	4,804,394	52,567,899	147,498,384	144,813,640	2,684,744	(1,739,517)	178,220,002	179,165,229
Less inter-entity charges (2)	-	-	-	-	(10,515,864)	(10,515,864)	-	-	-	-
Gain on investment in business enterprises (3)	-	-	-	1,269,192	1,269,192	-	1,269,192	-	-	-
Investment in business enterprises	-	-	-	-	-	-	-	574,005	10,980,557	13,155,985
Transfer to (from) Blood Tribe entities	191,369	-	38,002	-	229,371	1,062,742	(833,371)	1,165,512	-	-
	78,083,123	12,234,337	4,842,396	52,567,899	138,481,083	135,360,518	3,120,565	-	189,200,559	192,321,214

(1) Administration includes: Child and Council, Management, Public Services, Finance, Community Development, Personnel (HR), Tribal Government, Elections, Membership, Public Relations, Akers and Akers 2.
(2) Inter-entity charges are eliminated.
(3) Gain on investment in business enterprises is eliminated. These are the result of elimination of inter-entity revenue and expenditures.

The accompanying notes are an integral part of these consolidated financial statements.

In complying with Public Sector Accounting Standards this schedule includes in accumulated surplus operating and capital portions of accumulated surplus - refer to schedule 1 for operating surpluses by department and entity

Blood Tribe Consolidated Consolidated Statement of Operations by Object

For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada (Note 19)	78,083,123	78,083,123	83,462,762
First Nations and Inuit Health	11,876,114	11,717,876	12,429,980
Akers claim	90,913	51,567	78,425
Alberta Gaming and Liquor Commission	1,977,127	2,214,168	2,132,530
Band capital funds	6,117,834	12,234,337	5,615,841
Band revenue funds	3,465,000	4,842,396	4,234,251
Earnings (loss) from investment in business enterprises	-	1,269,192	1,267,111
Big lease funds	300,000	4,839,933	1,842,153
Canada Mortgage and Housing Corporation subsidy	-	1,894,566	1,509,719
Community Futures Treaty 7	3,276,633	3,525,073	2,404,438
Deferred revenue	614,161	(2,578,143)	253,179
Farming income	-	2,027,534	1,190,888
Federal and Provincial funding and grants	6,740,000	11,079,845	8,410,316
Funds held in trust	-	(6,010,874)	1,873,969
Housing and real estate rents	576,400	5,103,981	4,753,048
Interest	7,000	110,300	114,374
Lands	1,276,097	1,340,024	1,340,213
Other	12,735,809	6,736,185	15,057,082
	127,136,211	138,481,083	147,970,279
Expenses			
Amortization	-	7,827,136	7,753,763
Bad debts - other	-	802,005	(128,360)
Distributions to members	3,500,000	4,531,450	3,278,950
Education transportation	5,141,338	5,141,338	5,048,542
Education tuition and living allowances	13,187,029	12,758,151	12,547,421
Farming expenses	-	703,779	194,789
Flood expenses	-	101,723	-
Interest on long-term debt	119,524	700,401	621,399
Other programs	10,211,791	9,038,124	8,951,455
Professional fees (Note 20)	1,760,842	2,526,529	2,072,795
Replacement reserve expenditures	-	336,330	369,608
Salaries and benefits	45,293,615	45,963,465	44,774,059
Social assistance	11,904,721	10,120,635	11,438,701
Supplies, rent, utilities and other	32,937,401	28,943,298	32,549,668
Travel	3,079,950	3,120,079	3,212,133
Uncollected rents - housing	-	2,746,075	2,451,853
	127,136,211	135,360,518	135,136,776
Annual surplus	-	3,120,565	12,833,503
Accumulated surplus, beginning of year	189,200,559	189,200,559	176,367,056
Accumulated surplus, end of year	189,200,559	192,321,124	189,200,559

The accompanying notes are an integral part of these financial statements

Blood Tribe Consolidated
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2015

	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
Annual surplus	-	3,120,565	12,833,503
Amortization of tangible capital assets	-	7,827,136	7,753,763
(Gain) Loss on disposal of tangible capital assets	-	(1,132,466)	685,663
Purchases of tangible capital assets	-	(7,750,291)	(13,206,857)
Proceeds of disposal of tangible capital assets	-	1,607,361	110,982
Change in construction in progress	-	(2,557,581)	(1,814,332)
Change in inventories of supplies	-	(769,657)	453,743
Change in prepaid expenses	-	(16,286)	(96,342)
Increase (decrease) in net financial assets	-	328,781	6,720,123
Net financial assets, beginning of year	89,295,912	89,295,912	82,575,789
Net financial assets, end of year	89,295,912	89,624,693	89,295,912

The accompanying notes are an integral part of these financial statements

Blood Tribe Consolidated Consolidated Statement of Cash Flows

For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	3,120,565	12,833,503
Non-cash items		
Amortization	7,827,136	7,753,763
(Gain) loss on disposal of tangible capital assets	(1,132,466)	685,663
(Earnings) loss from investment in business enterprises	(1,269,192)	(1,267,111)
	8,546,043	20,005,818
Changes in working capital accounts		
Accounts receivable	(11,421,170)	(2,466,516)
Accounts payable and accruals	11,257	107,521
Deferred revenue	2,578,143	474,927
Customer deposits	-	(293,363)
Replacement reserve	(881,168)	323,460
Inventory	(769,657)	453,743
Prepaid expenses	(16,286)	(96,342)
	(1,952,838)	18,509,248
Financing activities		
Advances of long-term debt	901,680	7,844,479
Repayment of long-term debt	(3,016,087)	(5,284,685)
Repayment of capital lease obligations	(28,497)	(28,497)
	(2,142,904)	2,531,297
Capital activities		
Purchases of tangible capital assets	(7,750,291)	(13,206,857)
Proceeds of disposal of tangible capital assets	1,607,361	110,982
	(6,142,930)	(13,095,875)
Investing activities		
Decrease (increase) in temporary investments	(188,000)	(3,221,301)
Decrease (increase) in restricted cash	(1,554,586)	2,014,536
Decrease (increase) in construction in progress	(2,557,581)	(1,814,332)
Transfers (from) to business enterprises	(574,005)	(998,864)
Decrease (increase) in trust assets	6,010,345	(2,004,928)
Decrease (increase) in other long-term investments	228,251	-
	1,364,424	(6,024,889)
Increase (decrease) in cash resources	(8,874,248)	1,919,781
Cash resources, beginning of year	13,087,411	11,167,630
Cash resources, end of year	4,213,163	13,087,411

The accompanying notes are an integral part of these financial statements

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

The Blood Tribe (the "Blood Tribe") is located in the province of Alberta, and provides various services to its members. The Blood Tribe includes the Blood Tribe's members, government and all related entities that are accountable to the Blood Tribe and are either owned or controlled by the Blood Tribe.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards set out in the CPA Canada Handbook - Public Sector Accounting as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Reporting entity

The Blood Tribe reporting entity includes all controlled departments or entities that are accountable to the Blood Tribe, except for Blood Tribe business enterprises.

The consolidated financial statements include the assets, liabilities, revenues and expenses of the following entities:

Blood Tribe Administration	Kainaiwa Developments Ltd.
Blood Tribe Child Protection Services Corporation	Kainaiwa Resources Inc.
Blood Tribe Department of Health Inc.	Blood Tribe Lands
Blood Tribe Employment & Skills Training	Blood Tribe Police
Blood Tribe Economic Development	Blood Tribe Public Works
Blood Tribe Family and Community Support Services	Blood Tribe Real Estate
Blood Tribe Housing Authority	Blood Tribe Recreation
Blood Tribe Housing Society	Red Crow Community College
Kainai Manufactured Home Park	Blood Tribe Revenue Fund
Kainai Board of Education (Education Society)	Blood Tribe Social Development
Kainaiwa Children's Services Corporation	Blood Tribe Farming Initiative
Blood Tribe First Nation Development Fund	

All inter-entity balances have been eliminated on consolidation.

Blood Tribe business enterprises that are owned or controlled by the Blood Tribe Council and that are not dependent on the Blood Tribe for their continuing operations are included in the consolidated financial statements using the modified equity method. The Blood Tribe's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and contributions and decreased by post acquisition losses and distributions received. Enterprises accounted for by the modified equity bases include:

Blood Tribe Agricultural Project (includes Blood Tribe Irrigation Management, 709204 AB Ltd. (Blood Tribe Forage Processing Plant), AOHKII Investment Property Management and Sawkee Feedlot Inc.)
Kainai Agri-Business Corporation
St. Mary's Construction Company #7 Ltd.
Blood Tribe Oil and Gas Partnership
1432126 Alberta Ltd.
Kainai Housing Corporation
971445 Alberta Ltd.
1110340 Alberta Ltd.
Blood Band Farms Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies *(Continued from previous page)*

Cash resources

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Construction in progress is recorded at the construction costs of the related housing project.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on the straight line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expenses as incurred.

Amortization

Tangible capital assets are amortized annually using the following rates and methods intended to amortize the costs of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	20 years
Automotive and equipment	straight-line	3-10 years
Housing units	reverse sum of year digits	25 years
Infrastructure	straight-line	25 years

Other long-term investments

Other long-term investments are recorded at cost, less any provisions for other than temporary impairment. They have been classified as long-term assets in concurrence with the nature of the investment.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Blood Tribe performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year.

Investment in business enterprises

The Blood Tribe follows the modified equity method to account for its investment in business enterprises. The investment is stated at cost plus (less) the Blood Tribe's share of earnings since acquisition plus capital and operating transfers to (from) the business enterprises. The statement of operations for business enterprises includes the business enterprises' annual surplus (deficit) for the year ended March 31, 2015. The business enterprises' accounting principles have not been adjusted to conform to those of the Blood Tribe.

Blood Tribe Consolidated Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

Deferred revenue

Funding received under funding arrangements relating to projects that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt. These amounts are recognized in revenue in the year the project costs are incurred.

Net financial assets (net debt)

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

Revenue recognition

- i. **Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH")**
AANDC and FNIH revenue is recognized as it becomes receivable under the terms of the applicable funds transfer agreements.
- ii. **Band Capital and Revenue Funds**
The Blood Tribe recognizes revenues of the Capital and Revenue Fund as income is received and reported by the federal government.
- iii. **Canada Mortgage and Housing Corporation ("CMHC")**
CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements, and is decreased for amounts anticipated to be repaid at year end.
- iv. **Housing rental income**
Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- v. **Residential Rehabilitation Assistance Program ("RRAP")**
RRAP provides five year, non interest bearing, and forgivable loans for low income homeowners whose homes require major renovations. Revenue is reported upon substantial completion of the project. Any fund, which must be repaid because the homeowner did not comply with the terms of the assistance program, is recognized as an expense in the year funds are repaid.
- vi. **Community Futures Treaty 7 ("Treaty 7")**
Treaty 7 provides funding for specific purposes. These funds are reported as revenues in the year the specific expenses are incurred. Funds which have not been expended by the fiscal year end are recorded as deferred revenue and appear as a liability on the consolidated statement of financial position.
- vii. **Alberta Gaming and Liquor Commission**
Alberta Gaming and Liquor Commission provide funding for specific projects. These funds are reported as revenues in the year the specific expenses are incurred. Funds which have not been expended by the fiscal year end are recorded as deferred revenue and appear as a liability on the consolidated statement of financial position.
- viii. **Other revenues**
All other revenues received that are not subject to funding agreements are recorded in the year in which they are earned.

Financial instruments

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

Blood Tribe Consolidated Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty

The preparation of consolidated 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 disclosure of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Payable to CMHC is based on anticipated repayment requirements; however, actual repayment will be determined upon CMHC's review of the organization's financial statements.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Trust assets and trust liabilities

Trust assets held on behalf of Blood Tribe members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the land or other Blood Tribe capital assets, and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust

Non-financial assets

The Blood Tribe's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Blood Tribe unless they are sold.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

3. Temporary investments

Term deposits consist of fourteen guaranteed investment certificates bearing interest at rates ranging from 0.15% to 1.33% (2014 - 0.15% to 1.19%) with varying maturity dates from 2015 to 2016.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

4. Accounts receivable

	2015	2014
BDO Canada Limited - FNIH funding allocation	1,348,069	-
Aboriginal Affairs and Northern Development Canada	225,686	281,051
Alberta Gaming & Liquor Commission	544,909	587,422
Aquashell	-	2,050,000
Employees	78,795	131,702
Housing rents (full balance included in allowance for doubtful accounts)	2,747,274	2,455,623
Kainai Board of Education - other Federal & provincial grants	583,060	270,077
Due to (from) non-consolidated entities	980,834	979,474
Other	2,599,032	1,625,007
Ottawa Trust	11,100,444	4,165,092
Water and garbage fees (full balance included in allowance for doubtful accounts)	1,472,244	1,422,194
Treaty 7 Community Futures	454,531	-
Canada Revenue Agency	1,804,922	-
Insurance receivable	825,430	-
	24,765,230	13,967,642
Allowance for doubtful accounts	(4,303,467)	(4,927,049)
	20,461,763	9,040,593

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

5. Investment in business enterprises

The Blood Tribe has investments in the following entities:

	<i>2014 Accumulated Surplus (Deficit)</i>	<i>2015 Annual Surplus (Deficit)</i>	<i>2015 Transfers</i>	<i>2015 Accumulated Surplus (Deficit)</i>
Wholly-owned Businesses:				
Blood Tribe Agricultural Project	2,661,752	(1,911,833)	3,842,216	4,592,135
Kainai Agri-Business Corporation	2,211,661	(3,000)	(2,193,166)	15,495
St. Mary's Construction Company #7 Ltd.	1	-	-	1
Blood Oil and Gas Partnership	1,000,000	-	-	1,000,000
1432126 Alberta Ltd.	5,934,260	-	20,000	5,954,260
Kainai Housing Corporation	(77,539)	-	-	(77,539)
971445 Alberta Ltd.	2,233,314	118,423	(171,951)	2,179,786
1110340 Alberta Ltd.	2,720,513	(680,000)	-	2,040,513
Blood Band Farms	-	3,745,602	(923,094)	2,822,508
	16,683,962	1,269,192	574,005	18,527,159
	<i>2013 Accumulated Surplus (Deficit)</i>	<i>2014 Annual Surplus (Deficit)</i>	<i>2014 Transfers</i>	<i>2014 Accumulated Surplus (Deficit)</i>
Wholly-owned Businesses:				
Blood Tribe Agricultural Project	376,046	630,154	1,655,552	2,661,752
Kainai Agri-Business Corporation	2,306,427	(70,384)	(24,382)	2,211,661
St. Mary's Construction Company #7 Ltd.	1	-	-	1
Blood Oil and Gas Partnership	1,000,000	-	-	1,000,000
1432126 Alberta Ltd.	5,934,260	-	-	5,934,260
Kainai Housing Corporation	(77,539)	-	-	(77,539)
971445 Alberta Ltd.	2,223,279	142,341	(132,306)	2,233,314
1110340 Alberta Ltd.	2,655,513	565,000	(500,000)	2,720,513
	14,417,987	1,267,111	998,864	16,683,962

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

5. **Investment in business enterprises** *(Continued from previous page)*

Condensed financial information for each entity for their respective period ending March 31, 2015 is as follows:

	Assets	Liabilities	Members' Equity (Deficit)	Revenues	Expenses	Annual Surplus (Deficit)
Blood Tribe Agricultural Project	13,368,799	8,776,664	4,592,135	11,254,576	13,166,409	(1,911,833)
Kainai Agri-Business Corporation	18,495	3,000	15,495	-	3,000	(3,000)
St. Mary's Construction Company #7 Ltd.	1	-	1	-	-	-
Blood Oil and Gas Partnership	1,000,000	-	1,000,000	-	-	-
1432126 Alberta Ltd.	5,954,260	-	5,954,260	-	-	-
Kainai Housing Corporation	326,846	404,385	(77,539)	-	-	-
971445 Alberta Ltd.	2,411,100	231,314	2,179,786	423,645	305,222	118,423
1110340 Alberta Ltd.	2,042,013	1,500	2,040,513	-	680,000	(680,000)
Blood Band Farms Ltd.	2,822,508	-	2,822,508	4,704,133	958,531	3,745,602
	27,944,022	9,416,863	18,527,159	16,382,354	15,113,162	1,269,192

Condensed financial information for each entity for their respective period ending March 31, 2014 is as follows:

	Assets	Liabilities	Members' Equity (Deficit)	Revenues	Expenses	Annual Surplus (Deficit)
Blood Tribe Agricultural Project	9,408,331	6,746,579	2,661,752	13,511,373	12,881,219	630,154
Kainai Agri-Business Corporation	2,216,614	4,953	2,211,661	352,458	422,842	(70,384)
St. Mary's Construction Company #7 Ltd.	1	-	1	-	-	-
Blood Oil and Gas Partnership	1,000,000	-	1,000,000	-	-	-
1432126 Alberta Ltd.	5,934,260	-	5,934,260	-	-	-
Kainai Housing Corporation	101,302	178,841	(77,539)	-	-	-
971445 Alberta Ltd.	2,301,361	68,047	2,233,314	583,359	441,018	142,341
1110340 Alberta Ltd.	2,722,013	1,500	2,720,513	565,000	-	565,000
	23,683,882	6,999,920	16,683,692	15,012,190	13,745,079	1,267,111

Kainai Agri-Business Corporation is operating under the assumption that they will continue to occupy and obtain the use of Blood Tribe lands at zero cost.

Blood Tribe Consolidated Notes to the Consolidated Financial Statements

For the year ended March 31, 2015

6. Restricted cash

	2015	2014
Blood Tribe Lands	805,026	466,896
First Nation Development Fund	4,026,170	2,792,683
Blood Tribe Department of Health Inc.	10,123	27,154
Blood Tribe Recreation	10,118	10,118
	4,851,437	3,296,851

Blood Tribe Lands is involved in an agency agreement with the Blood Tribe land occupants whereby the Organization collects and disburses the rental income from renters and receives a 5% administration fee. This cash represents the amounts which have not been disbursed under the terms of the rental agreement. As at March 31, 2015, the Blood Tribe Lands restricted cash account is under funded by \$16,438 (2014 - \$86,603) as compared to the amount owed to trusts and estates.

First Nation Development Fund and Blood Tribe Administration restricted cash represents funds which must be used for specific approved projects. Any underspending of funds must receive an approved redirection by band council resolution and approval from Alberta Gaming and Liquor Commission.

Blood Tribe Department of Health Inc. restricted cash must be used for future specific approved purchases under the MCARR (Note 14) and AYCES agreements. The amount is comprised of \$10,123 (2014 - \$27,154) for AYCES.

Blood Tribe Recreation's restricted cash relates to Band Capital trust monies that are transferred to the Department on authorization by Chief and Council through band council resolution to take Band Capital out of the Ottawa Trust account, and are then kept in trust with the Blood Tribe's legal counsel for the purpose of the construction of the multi-purpose centre. Legal counsel distributes the funds to the general contractor upon approval of the construction progress for the construction of the multi-purpose centre.

7. Trust assets

	2015	2014
Ottawa Trust accounts	73,330,129	79,341,003
Akers Claim	704,697	572,415
Akers Claim 2	296,916	428,669
	74,331,742	80,342,087

The Ottawa trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. Sections 63 to 69 of the Indian Act primarily govern the management of these funds.

Akers Claim and Akers Claim 2 are invested for the future benefit of the Blood Tribe in a trust created by the Blood Tribe. Trustees appointed by the Council of the Blood Tribe on terms and conditions set out in the specified Trust Agreement shall administer the trust. The Akers Claim and Akers Claim 2 consists of cash in the amount of \$315,468 (2014 - \$213,309) bearing interest at 0.10%, management fees payable in the amount of \$206 (2014 - \$208) and four guaranteed investment certificates totaling \$686,351 (2014 - \$787,983), bearing interest ranging from 2.65% - 2.70% and having maturity dates ranging from May 2017 to August 2019.

8. Other long-term investments

Other long-term investments consisted of 12,538.46 of Class B shares and 5,019 of Class D shares in Lethbridge Inland Terminal for \$228,251 (2014 - \$228,251) purchased by the Blood Tribe Farming Initiative. During the year, both Class B and Class D shares were fully redeemed by Lethbridge Inland Terminal for \$7.76 per share.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Bank indebtedness

BANK OF NOVA SCOTIA

The Blood Tribe has a consolidated blanket overdraft facility of \$3,000,000 for Blood Tribe departments and entities, which incurs interest at prime plus 1.25%. Security pledged consists of Band Council Resolutions authorizing individual departments and entity borrowings up to a total of \$3,000,000, duly acknowledgement by the Department of Aboriginal Affairs and Northern Development Canada. As at March 31, 2015, the prime rate used by Bank of Nova Scotia was 2.85% (2014 – 3.00%).

10. Accounts payable and accruals

	2015	2014
Accounts payable and accrued liabilities	6,652,994	6,907,792
Payable to trusts and estates	821,465	553,499
Payable to land occupants	-	1,911
	7,474,459	7,463,202

11. Deferred revenue

	2015	2014
Real Estate	226,897	549,154
Blood Tribe First Nation Development Fund	4,188,860	3,312,634
Police	610,184	967,215
Administration	1,264,978	135,000
Economic Development	1,721,694	249,178
Kainai Board of Education	70,507	193,315
Red Crow Community College	28,671	75,902
Farming Initiative	-	50,000
Family & Community Support Services	-	1,250
	8,111,791	5,533,648

Included in the Blood Tribe Real Estate March 31, 2015 deferred revenue amount is \$226,897 (2014 - \$549,154) relating to Band Capital revenue that was received prior to March 31, 2015 relating to building repairs and maintenance, but has not been spent.

Blood Tribe First Nations Development Fund deferred revenue relates to Alberta Gaming and Liquor Commission funds that have been received for a number of programs that have not yet been undertaken or for programs that have not been fully expended as of March 31, 2015.

Police, Administration, Economic Development, Kainai Board of Education, Red Crow Community College, deferred revenues relate to Federal and Provincial funds that have been received for capital expenditures and programs that have not yet been undertaken or for capital expenditures and programs that have not been fully expended as of March 31, 2015.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

12. Long-term debt

	2015	2014
Administration	42,601	55,050
Blood Tribe Revenue Fund	890,005	1,890,006
Family and Community Support Services	38,937	50,623
Housing Authority	-	2,769,558
Housing Society	18,462,516	16,920,143
Kainaiwa Children's Services Corporation	137,046	199,570
Lands	3,560	13,931
Public Works	776,629	492,680
Red Crow Community College	175,285	249,425
	20,526,579	22,640,986
Less: less: current portion	2,968,386	3,677,955
	17,558,193	18,963,031

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2016	2,968,386
2017	1,489,208
2018	1,124,880
2019	1,028,494
2020	1,023,915

Blood Tribe Housing Society mortgages bear interest ranging from 1.48% to 5.29% (2014 - 1.61% to 5.25%).

Blood Tribe Public Works loans bear interest at 4.60% to 8.50% (2014 - 4.75%).

Blood Tribe Revenue Fund loans bear interest at 4.60%.

Other mortgages, loans and finance contracts bear interest ranging from 0.00 to 6.10% (2014 - 0.00% to 9.60%).

Security pledged on all mortgages, loans and finance contracts consists of Government of Canada ministerial guarantees, a guarantee by the Ottawa Trust accounts and specific equipment.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
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13. Capital lease obligations

	2015	2014
Department of Health Inc. Lease payable in monthly instalments of \$2,375, non interest bearing, secured by related equipment with net book value of \$51,295 (2014 - \$58,944), due 2015.	2,125	30,622
<u>Less: current portion</u>	<u>2,125</u>	<u>28,497</u>
	<u>-</u>	<u>2,125</u>

Minimum lease payments related to the obligation under capital lease are as follows:

<u>2016</u>	<u>2,125</u>
	<u>2,125</u>

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

14. Replacement reserves

	2015	2014
Blood Tribe Department of Health Inc.:		
Moveable Capital Asset Replacement Reserve		
Replacement reserve, beginning of year	196,577	207,025
Allocation from operations	35,700	35,700
Replacement of MCARR assets	(54,576)	(46,148)
Replacement reserve, end of year	177,701	196,577
Blood Tribe Housing Society:		
CMHC Replacement Reserve		
Replacement reserve, beginning of year	3,149,774	2,815,866
Allocation from operations	300,630	333,908
Transfer from reserve for matured projects	(1,162,922)	-
Replacement reserve, end of year	2,287,482	3,149,774
Total replacement reserves	2,465,183	3,346,351

Blood Tribe Department of Health Inc.:

Under the terms of the MCARR agreement with First Nation and Inuit Health (FNIH) the replacement reserve account is to be credited in amounts negotiated at the time of the annual budget approval by FNIH. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by FNIH or such accounts as may be approved by FNIH from time to time. Withdrawals are charged to interest first and then principal. As at March 31, 2015 the replacement reserve was funded by cash of \$177,701, which has been included in current cash resources in 2015 (2014 - funded by cash of \$196,577).

Blood Tribe Housing Society:

Under the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC) the replacement reserve account is to be credited in amounts negotiated at the time of the annual budget approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts as may be approved by CMHC from time to time. Withdrawals are charged to interest first and then principal.

As at March 31, 2015, the replacement reserve fund is not maintained in a separate bank account, and is under funded by the entire amount of the replacement reserve, which are breaches of the CMHC covenant. The effect of this breach of the CMHC covenant is not determinable at this time.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

15. Contingencies and guarantees

The Blood Tribe has been named as defendant under various claims for general matters. Management has assessed the success of these claims as unlikely and/or has ensured adequate insurance is in place. Accordingly, no provision has been made in these consolidated financial statements.

The Blood Tribe has guaranteed the term loan of Blood Tribe Irrigation Management, up to a maximum amount of \$3,400,000 which is reduced as the term debt is paid down. This loan is also secured by a general security agreement. Payment under this guarantee is required if the Blood Tribe Irrigation Management defaults on the loan. As at March 31, 2015 and 2014, no liability has been recorded associated with this guarantee. The outstanding balance as at March 31, 2015 is \$1,000,000 (2014 - \$1,340,000).

The Blood Tribe has guaranteed the term loan of Blood Tribe Processing Plant (709204 Alberta Ltd.) up to a maximum amount of \$1,500,000 which is reduced as the term debt is paid down. This loan is also secured by related equipment with a net book value of \$1,163,932 as well as a general security agreement with Band and Council. Payment under this guarantee is required if the Blood Tribe Processing Plant (709204 Alberta Ltd.) defaults on the loan. As at March 31, 2015, no liability has been recorded associated with this guarantee. The outstanding balance as at March 31, 2015 is \$1,000,000 (2014 - \$1,150,000).

The Blood Band Housing Authority has an obligation to repay any Residential Rehabilitation Assistance Program funding received where a qualifying homeowner did not comply with the terms of the assistance program. The amount and likelihood of a potential obligation is not determinable at the financial statement date.

The Housing Authority is contingently liable for contractor's obligations relating to performance and completion of construction contracts. Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operation of the Organization.

The Housing Authority is required by CMHC to meet certain requirements for replacement reserves and operating surplus reserves, which they are currently not in compliance with. The impact of these breaches is not determinable at this time and the liabilities resulting, if any, will be accounted for as an expense in the period the Organization becomes aware of them.

The Housing Society is required to charge rent on a per unit basis using a rent income scale as provided by Canada Mortgage and Housing Corporation. For the year ended March 31, 2015 and 2014, there was insufficient documentation on older rental units to determine if the Housing Society was complying with the rent income scale, which is a breach of the CMHC covenant. The effect of which is not determinable at this time.

Red Crow Community College has issued a letter of credit to the Bank of Nova Scotia for coverage of tuition fees in the amount of \$112,500 (2014 - \$185,500), secured by a term deposit with a carrying value of \$187,359 (2014 - \$187,359).

Blood Tribe Employment and Skills Training is required by Aboriginal Skills and Employment Training Strategy Funding to maintain program files for each participant to verify whether they are eligible for employment insurance funding. Should the Organization fail to maintain these records, it may be liable for the repayment of funds received under this program. As of the year-end, the Organization believes that it has complied with all the requirements of this program.

The Blood Tribe Department of Health Inc. has been named as defendant under a claim by Aquashell for termination of a development agreement. The amount being claimed is \$3,107,500 plus additional unspecified damages. The Department has a counterclaim against Aquashell for amongst other things, the tort of deceit, negligent misstatement and unjust enrichment for amounts paid to Aquashell amounting to \$325,000. Given the preliminary stage of the proceedings, the risk of liability or potential exposure to damages is indeterminable, and thus no amounts have been reported in these consolidated financial statements with regards to this claim and counter claim.

The Blood Tribe Public Works operates a gravel pit to supply raw materials used in the ongoing maintenance of roads. The Department is responsible for the costs of reclaiming the gravel pits at the end of the production in accordance with provincial legislation.

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

16. Tangible capital assets

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Buildings	71,716,918	943,881	991,606	32,747,192	38,922,001
Automotive and equipment	28,893,500	1,536,818	747,542	23,075,979	6,606,797
Housing units	60,872,413	4,187,315	-	29,765,707	35,294,021
Infrastructure	22,829,607	1,082,277	18,517	11,073,464	12,819,903
	184,312,438	7,750,291	1,757,665	96,662,342	93,642,722

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>
Buildings	67,238,032	5,135,735	656,849	30,719,469	40,997,449
Automotive and equipment	26,816,251	3,069,421	992,172	21,339,767	7,553,733
Housing units	60,872,413	-	-	28,377,959	32,494,454
Infrastructure	17,827,906	5,001,701	-	9,680,781	13,148,826
	172,754,602	13,206,857	1,649,021	90,117,976	94,194,462

Buildings includes assets under construction for the courthouse with a carrying value of \$765,756 (2014 - \$765,756). No amortization has been recorded in the current year because this building is still under construction in the planning phase as at March 31, 2015. Funding for this project is to be provided by long-term debt proceeds, Band capital funding, Alberta Liquor and Gaming Commissions funds, and other internally generated Blood Tribe Funds. No long-term debt has been acquired at the consolidated financial statement date.

17. Construction in progress

As at March 31, 2015, the Blood Band Housing Authority was in the process of construction of two 10 unit and one 4 unit townhouses which are scheduled to be completed in 2016. The Department expects total construction costs of these projects to be \$8,329,762 and \$6,732,057 have been expensed to date. Partial funding for this project is to be provided by long-term debt proceeds from CMHC totaling \$3,651,000 of which \$nil has been received to date. The terms and conditions of this financing are not determinable at the non-consolidated financial statement date. Upon completion of construction the capital cost and associated debt will be transferred to Blood Tribe Housing Society.

As at March 31, 2014, the Blood Band Housing Authority was in the process of construction on a 19 unit housing project which is scheduled to be completed in 2015. The Department expected total construction costs of this project to be \$3,862,057 however \$4,174,476 has already been expended to date. Partial funding for this project is to be provided by long-term debt proceeds from CMHC totaling \$3,115,882. The terms and conditions of this financing are monthly instalments of \$13,312 including interest at 1.95%. In the current year this project was completed thus the construction capital cost and associated debt were transferred to Blood Tribe Housing Society as of March 31, 2015.

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

18. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Equity in tangible capital assets	79,846,076	75,697,330
Equity in business enterprises	18,527,159	16,683,962
Equity in trust funds	74,331,742	80,342,087
Share capital	15	15
Unrestricted accumulated surplus (deficit) - Schedule 1	19,616,132	16,477,165
	192,321,124	189,200,559

19. Aboriginal Affairs and Northern Development Canada Funding

	Block	Fixed	Set	Flexible	Total
Chief and Council Management	2,166,107	30,000	-	-	2,196,107
Public Services	715,920	-	-	-	715,920
Public Relations	2,165,373	-	-	200,000	2,365,373
Payroll	469,430	-	-	-	469,430
Personnel	430,000	-	-	-	430,000
Tribal Government	452,303	-	-	-	452,303
Family and Community Support Services	941,639	-	-	-	941,639
Recreation	1,525,885	-	-	-	1,525,885
Public Works	1,410,318	-	-	-	1,410,318
Kainaiwa Children's Services Corporation	4,188,015	619,288	782,935	-	5,590,238
Kainai Resources Inc.	801,000	7,322,714	-	-	8,123,714
Lands	50,000	-	-	-	50,000
Housing	187,585	-	-	-	187,585
Economic Development	1,670,828	-	-	-	1,670,828
Shot Both Sides Building/Real Estate	748,240	-	-	-	748,240
Blood Tribe Employment and Skills Training	212,168	-	-	-	212,168
Kainai Developments Ltd.	87,687	-	254,437	-	342,124
Social Development	105,484	-	-	-	105,484
Kainai Corrections	12,585,398	-	264,772	824,792	13,674,962
Blood Tribe Department of Health Inc.	191,369	-	-	-	191,369
Kainai Board of Education	485,000	-	-	-	485,000
Red Crow Community College	19,325,195	-	2,738,818	-	22,064,013
School Bus Co-op	7,555,360	-	-	-	7,555,360
Irrigation Management	5,141,335	-	-	-	5,141,335
Finance	500,000	-	-	-	500,000
Membership	690,311	-	-	-	690,311
	238,915	4,502	-	-	243,417
	65,040,865	7,976,504	4,040,962	1,024,792	78,083,123

Blood Tribe Consolidated
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

20. Professional fees

	2015	2014
Audit	463,507	450,877
Legal	1,152,510	705,687
Consulting	910,512	916,231
	2,526,529	2,072,795

21. Pension plan - defined contribution plan

Defined contribution pension plan

The Blood Tribe has a defined contribution pension plan covering substantially all full-time employees. Each participant selects a contribution level of 2.5 - 5.5% of salary. The Organization matches the participant's contribution. The pension expense in the amount of \$1,263,955 is included with salaries, wages and benefits for the current.

22. Federal government transfers

During the year, the First Nation recognized the following federal government transfers:

	2015	2014
Aboriginal Affairs and Northern Development Canada	78,083,123	83,462,762
First Nations and Inuit Health	11,717,876	12,429,980
Canada Mortgage and Housing Corporation	1,894,566	1,509,719
Community Futures Treaty 7	3,525,073	2,404,438
Public Safety Canada - Police Services	2,863,500	2,778,774
	98,084,138	102,585,673

23. Aboriginal Affairs and Northern Development Canada funding reconciliation

	<i>AANDC funding</i>
Aboriginal Affairs and Northern Development Canada funding per financial statements	78,083,123
Aboriginal Affairs and Northern Development Canada funding per confirmation	(78,083,123)
Variance	-

24. Economic dependence

The Blood Tribe receives a major portion of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Blood Tribe to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

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For the year ended March 31, 2015

25. Subsequent event

On April 1, 2014, the Blood Tribe Department of Health Inc. was placed in 3rd party management by First Nations and Inuit Health (FNIH) as a result of items relating to Governance, not as a result of operation or finance. The 3rd party management agreement was to end March 31, 2015. As of March 31, 2015 FNIH extended the 3rd party agreement to September 30, 2015. As of the date of these financial statements the 3rd party agreement was still in place.

26. Budget information

The disclosed budget information has been approved by the Chief and Council of the Blood Tribe on April 7, 2014.

Blood Tribe
**Schedule 1 - Consolidated Schedule of Accumulated Operating
Surplus (Deficit) by Function**

For the year ended March 31, 2015

	<i>Accumulated Operating Surplus (Deficit) March 31, 2014</i>	<i>Annual Operating Surplus (Deficit) March 31, 2015</i>	<i>Accumulated Operating Surplus (Deficit) March 31, 2015</i>
Public Services			
Blood Tribe Employment and Skills Training	(978,373)	308,802	(669,571)
Family and Community Support Services	(122,218)	(9,705)	(131,923)
Housing Authority	981,175	(2,702,061)	(1,720,886)
Housing Society (1)	(9,611,633)	1,212,467	(8,399,166)
Public Works	955,582	720,151	1,675,733
Recreation	(75,798)	305,258	229,460
Social Development	1,424,102	1,580,274	3,004,376
	<u>(7,427,163)</u>	<u>1,415,186</u>	<u>(6,011,977)</u>
Governance and Administration			
Administration (see page 25)	7,732,623	642,856	8,375,479
Revenue Fund	5,955,148	(3,282,629)	2,672,519
Real Estate	335,670	(55,221)	280,449
	<u>14,023,441</u>	<u>(2,694,994)</u>	<u>11,328,447</u>
Economic Programs			
Economic Development	1,235,418	141,194	1,376,612
Farming Initiative	949,217	1,522,059	2,471,276
628125 Alberta Ltd. (operating as KMHP)	392,577	132,144	524,721
Kainaiwa Developments Ltd.	456,230	19,947	476,177
Blood Tribe First Nation Development Fund	59,774	11,677	71,451
Kainaiwa Resources Inc.	338,063	(29,675)	308,388
Lands	255,947	(92,137)	163,810
	<u>3,687,226</u>	<u>1,705,209</u>	<u>5,392,435</u>
Entities			
Kainaiwa Children's Services Combined	2,685,733	1,294,910	3,980,643
Blood Tribe Department of Health Inc.	987,550	615,691	1,603,241
Red Crow Community College	(217,452)	(374,610)	(592,062)
Kainai Education Society	3,457,202	971,423	4,428,625
Police	(719,372)	206,152	(513,220)
	<u>6,193,661</u>	<u>2,713,566</u>	<u>8,907,227</u>
	<u>16,477,165</u>	<u>3,138,967</u>	<u>19,616,132</u>

This schedule presents only the operating surplus (deficits) of the Blood Tribe departments and entities, and does not include equity in tangible capital assets, business enterprises, trusts funds and share capital.

(1) The primary reason for the significant operating deficits in Housing Society is the write-off of uncollected rental revenues from Tribe members.

The accompanying notes are an integral part of these consolidated financial statements

Blood Tribe
Schedule 1 - Consolidated Schedule of Accumulated Operating
Surplus (Deficit) by Function

For the year ended March 31, 2015

	<i>Accumulated Operating Surplus (Deficit) March 31, 2014</i>	<i>Annual Operating Surplus (Deficit) March 31, 2015</i>	<i>Accumulated Operating Surplus (Deficit) March 31, 2015</i>
Administration			
Chief & Council	(73,700)	(101,090)	(174,790)
Management (1)	6,332,967	563,381	6,896,348
Finance	474,585	(28,236)	446,349
Payroll/Pension	957,928	155,852	1,113,780
Membership	40,843	52,949	93,792
	7,732,623	642,856	8,375,479

(1) Management includes Public Services, Human Resources, Tribal Government, Elections, Interest Distribution, Public Relations, Planning, Akers Claim 1 & 2 and Community Development

The accompanying notes are an integral part of these consolidated financial statements

Management's Responsibility

To the Chief and Council and Members of Blood Tribe:

Management is responsible for the preparation and presentation of the accompanying schedule of remuneration and expenses for management and directors, including responsibility for significant accounting judgments and estimates in accordance with the First Nations Financial Transparency Act. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the schedule of remuneration and expenses for management and directors, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial information.

Chief and Council are composed entirely of individuals who are neither management nor employees of the Blood Tribe. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Council is also responsible for recommending the appointment of the Blood Tribe's external accountants.

MNP LLP is appointed by Council on behalf of the members to review the schedule of remuneration and expenses for management and directors and report directly to them; their report follows. The external accountants have full and free access to, and meet periodically and separately with, both the Council and management to discuss their review engagement results.

July 14, 2015



Council Member


Senior Financial Officer

Review Engagement Report

To the Chief and Council and Members of Blood Tribe:

We have reviewed the schedule of remuneration and expenses for management and board directors of the Blood Tribe for the year ended March 31, 2015. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Blood Tribe.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this schedule of remuneration and expenses for management and board directors.

Based on our review, nothing has come to our attention that causes us to believe that schedule of remuneration and expenses for management and board directors are, in all material respects, in accordance with the First Nations Financial Transparency Act.

Lethbridge, Alberta

July 14, 2015

MNP LLP

Chartered Accountants

Blood Tribe
Consolidated Schedule of Remuneration and Expenses
for Management and Board Directors
For the year ended March 31, 2015

	# Months	Salary & Benefits	Travel	Total
Senior Management				
Senior Executive Officer (includes severance of \$211,611)	9	340,975	18,057	359,032
Senior Finance Officer (on disability for a portion of the year)	12	48,076	15,582	63,658
Administration				
Tribal Government Coordinator	12	108,310	28,327	136,637
Membership Director	12	79,379	3,362	82,741
Human Resources Director	12	62,069	8,859	70,928
Public Relations Officer	12	69,638	21,706	91,344
Task Force Coordinator	12	38,499	3,146	41,645
Land Dispute Coordinator	12	21,696	2,783	24,479
Co-Manager – Kainaiwa Children's Services	12	71,100	2,107	73,207
Co-Manager – Bus Co-op	12	55,000	8,410	63,410
		894,742	112,339	1,007,081

	No. of months	Salary & Benefits	Travel	Total
Department Directors:				
<i>Blood Tribe Employment & Skills Training</i> Director	12	70,364	7,702	78,066
<i>Economic Development</i> Director	12	80,704	11,603	92,307
<i>Family and Community Support Services</i> Director	12	85,810	25,984	111,794
<i>Housing Authority</i> Director	2	8,105	3,636	11,741
<i>Lands</i> Director	8	69,202	6,074	75,276
Director – acting #1	2	14,438	3,443	17,881
Director – acting #2	2	14,438	4,309	18,747
<i>Public Works</i> Director	12	81,319	7,429	88,748
<i>Recreation</i> Director	12	67,941	11,506	79,447
<i>Social Development</i> Director	12	87,048	11,875	98,923
		579,369	93,561	672,930

Blood Tribe
Consolidated Schedule of Remuneration and Expenses
for Management and Board Directors
For the year ended March 31, 2015

	<i>No. of months</i>	<i>Salary & Benefits</i>	<i>Travel</i>	<i>Total</i>
Entity Directors and Senior Management				
<i>Blood Tribe Department of Health Inc.</i>				
Chief Executive Officer	12	114,116	5,681	119,797
Director of Finance	12	89,381	3,499	92,880
<i>Kainai Board of Education (Education Society)</i>				
Superintendent	12	159,972	29,617	189,589
Deputy Superintendent	12	145,687	27,696	173,383
<i>Kainaiwa Children's Services Corporation</i>				
Executive Director	12	103,869	28,692	132,561
<i>Red Crow Community College</i>				
President	12	95,000	28,141	123,141
Vice President	12	87,000	7,346	94,346
<i>Blood Tribe Police Department</i>				
Chief of Police	12	165,581	-	165,581
		960,606	130,672	1,091,278

	<i>No. of months</i>	<i>Salary & Benefits</i>	<i>Travel</i>	<i>Total</i>
Business Enterprises				
<i>Blood Tribe Irrigation Management</i>				
Chief Executive Officer	12	107,785	45,002	152,787
<i>Kainaiwa Resources Inc.</i>				
General Manager – acting #1	2	14,216	3,860	18,076
General Manager – acting #2	9	86,030	30,778	116,808
General Manager	1	2,769	1,191	3,960
		210,800	80,831	291,631

Blood Tribe
Consolidated Schedule of Remuneration and Expenses
for Management and Board Directors
For the year ended March 31, 2015

Other Board Members

Akers

Bob Bartlett	15,348
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Blood Tribe Irrigation Management

Bruce Wolf Child	554
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Doug Singer	250
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Ed Fox	250
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Leroy Heavy Runner	250
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William Mistaken Chief	250
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Blood Tribe Police

Gerri Many Fingers	15,074
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Jordan Bare Shin Bones	10,874
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Roxanne Scout	6,560
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T. White Quills – Knife	17,084
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Kainai Education Society

Anne Shouting	30,287
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Charlene Mountain Horse	32,098
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Gretta Many Bears	24,515
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Johnel Tail Feathers	23,615
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Lionel Weasel Head	47,616
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Sylvia Low Horne	18,635
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Kainai Resources Inc.

Doug Singer	28,172
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Red Crow Community College

Albert Blackwater	275
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Andy Blackwater	15,517
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Charlene Mountain Horse	275
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Joey Blood	8,165
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<u>Lionel Weasel Head</u>	<u>11,591</u>
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307,255

Management's Responsibility

To the Chief and Council and Members of Blood Tribe:

Management is responsible for the preparation and presentation of the accompanying schedule of remuneration and expenses for Chief and Council, including responsibility for significant accounting judgments and estimates in accordance with the First Nations Financial Transparency Act. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the schedule of remuneration and expenses for Chief and Council, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial information.

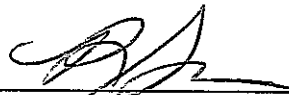
Chief and Council are composed entirely of individuals who are neither management nor employees of the Blood Tribe. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Council is also responsible for recommending the appointment of the Blood Tribe's external accountants.

MNP LLP is appointed by Chief and Council on behalf of the members to review the schedule of remuneration and expenses for Chief and Council and report directly to them; their report follows. The external accountants have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their review engagement results.

July 14, 2015



Council Member



Senior Financial Officer

Review Engagement Report

To the Chief and Council and Members of Blood Tribe:

We have reviewed the schedule of remuneration and expenses for Chief and Council of the Blood Tribe for the year ended March 31, 2015. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Blood Tribe.

A review does not constitute an audit and, consequently, we do not express an audit opinion on this schedule of remuneration and expenses for Chief and Council.

Based on our review, nothing has come to our attention that causes us to believe that schedule of remuneration and expenses for Chief and Council are, in all material respects, in accordance with the First Nations Financial Transparency Act.

Lethbridge, Alberta
July 14, 2015

MNP LLP
Chartered Accountants

Blood Tribe
Consolidated Schedule of Remuneration and Expenses
for Chief and Council

For the year ended March 31, 2015

	# Months	Chief and Council Salary	Chief and Council Travel & Per Diem	Board Travel & Honoraria ⁽¹⁾	Total Travel & other	Total
Chief Charles Weasel Head	12	101,168	31,396	566	31,962	133,130
Aloyuisius Blackwater	12	91,989	25,940	80,889	106,829	198,818
Dexter Bruised Head	12	91,989	33,019	41,685	74,704	166,693
Dorothy First Rider	12	91,989	27,667	16,781	44,448	136,437
Frank Black Plume	12	91,989	24,289	94,704	118,993	210,982
Franklyn White Quills	12	91,989	49,331	0	49,331	141,320
Kyla Crow	12	91,989	37,712	13,940	51,652	143,641
Lance Tailfeathers	12	91,989	33,058	19,130	52,188	144,177
Marcel Weasel Head	12	91,989	40,821	22,122	62,943	154,932
Michael Bruised Head	12	91,989	28,722	51,783	80,505	172,494
Myron Eagle Speaker	12	91,989	24,983	71,182	96,165	188,154
Nolan Little Bear	12	91,989	39,446	41,311	80,757	172,746
William Wadsworth	12	91,989	36,105	46,884	82,989	174,978
		1,205,036	432,489	500,977	933,466	2,138,502

(1) Travel expenses include Akers Claim 1 and 2 travel as trustee