

Consolidated Financial Statements of

PIIKANI NATION

Year ended March 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Piikani Nation Government Services is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Entity's financial position as at March 31, 2013 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

Chief and Council carries out its responsibilities for review of the financial statements. The members of the Council are not officers or employees of the Entity. The Council meets regularly with management, and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Chief and Council with and without the presence of management. The Chief and Council of the Piikani Nation has approved the financial statements.

The financial statements for the year ended March 31, 2013 have been reported on by KPMG LLP, the external auditor. The independent Auditors' Report outlines the scope of their examination and provides their opinion on the fairness of presentation of the information in the financial statements.

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July 24, 2013



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Independent Auditors' Report

To the Members of the Piikani Nation

We were engaged to audit the accompanying consolidated financial statements of Piikani Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2013, the consolidated statements of operations and accumulated surplus, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising 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 conducting the audit in accordance with Canadian generally accepted auditing standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide the basis for an audit opinion.

Basis for Disclaimer of Opinion

There are serious deficiencies in the accounting records related to the lack of financial information for the Piikani Investment Corporation, an entity controlled by the Nation, and its subsidiary corporations. Further, the Nation has not included the net assets and results of operations of the Settlement Fund in these consolidated financial statements. As these entities are controlled by the Nation and are components of the government reporting entity, Canadian public sector accounting standards require that the net assets, results of operations and cash flows be reported in the consolidated financial statements. It is impractical to provide this information in the auditors' report.

Further, the Nation's interest in the Oldman River Hydro Joint Venture, accounted for using the equity method, is carried at \$7,080,267 on the statement of financial position as at March 31, 2013 and the Entity's share of earnings of \$1,268,808 is included in the excess (deficiency) of revenue over expenses reported on the statement of operations and the components of net cash flow from operations reported in the statement of cash flows for the year ended March 31, 2013. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Entity's interest in the joint venture as at March 31, 2013 and the Entity's share of earnings for the year then ended as the underlying information generated by the Joint Venture Operator was not subject to independent audit. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.



Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

KPMG LLP

Chartered Accountants

July 24, 2013
Lethbridge, Canada

PIIKANI NATION

Consolidated Statement of Financial Position

March 31, 2013, with comparative figures for 2012

	2013	2012
Financial assets:		
Cash	\$ 7,660,978	\$ 6,930,113
Restricted cash	439,262	488,323
Investments (note 3)	7,117,669	7,536,465
Accounts receivable (note 4)	1,643,838	2,190,725
Trust funds (note 5)	2,809,703	2,627,179
Other	104,421	222,472
Inventory	1,513,530	1,343,681
Notes receivable	682,741	697,640
	21,972,142	22,036,598
Financial liabilities:		
Cheques issued in excess of funds on deposit	13,444	63,002
Bank indebtedness (note 9)	---	263,792
Accounts payable and accrued liabilities	4,923,882	4,983,223
Deferred revenue (note 7)	4,879,260	3,989,467
Long-term debt (note 10)	8,428,606	10,362,175
Advances from settlement trust (note 8)	3,241,911	3,241,811
	21,487,103	22,903,470
Net financial assets (debt)	485,039	(866,872)
Non-financial assets:		
Tangible capital assets (note 6)	41,515,357	42,682,731
Prepaid expenses	76,377	183,595
Alberta Electrical Connection Operator's License	53,000	53,000
	41,644,734	42,919,326
Economic dependence (note 12)		
Contingent liabilities (note 16)		
Commitments (note 19)		
Accumulated surplus (note 11)	\$ 42,129,773	\$42,052,454

See accompanying notes to consolidated financial statements.

On behalf of the Nation:

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PIIKANI NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2013, with comparative figures for 2012

	Budget (unaudited - note 17)	2013	2012
Revenue:			
Aboriginal Affairs and Northern Development Canada (note 13):			
Base funding	\$ 16,108,080	\$ 16,619,985	\$ 16,460,021
Revenue on trust funds	--	182,524	328,410
Prior year unused trust funds	191,931	191,931	--
Other	14,748,156	16,641,600	16,075,869
	31,048,167	33,636,040	32,864,300
Deferred revenue, beginning of year	1,176,624	3,989,467	4,430,316
Deferred revenue, end of year	--	(4,879,260)	(3,989,467)
	1,176,624	(889,793)	440,849
	32,224,791	32,746,247	33,305,149
Expenses:			
Salaries, wages and benefits	7,674,935	9,681,063	9,231,270
Chief and council honourariums and travel (note 15)	637,770	737,895	746,120
Energy purchases	120,000	221,115	252,917
Per capita distribution	--	--	168,451
Interest on long-term debt	293,000	751,471	733,927
Insurance	256,392	304,762	246,458
Social assistance	2,677,663	2,702,615	2,751,022
Professional fees	785,604	876,069	834,832
Utilities and telephone	332,002	384,838	410,768
Travel, meetings and conferences	617,793	791,227	715,290
Projects and programs	13,419,520	7,738,612	7,577,028
Office and administration	1,183,802	1,395,791	2,134,518
Interest and bank charges	27,543	40,306	39,892
Committee expenses	49,675	99,124	125,836
Repairs and maintenance	1,859,609	1,496,301	1,159,080
Settlement fund distribution	--	1,056,794	896,250
Other	256,872	1,701,021	3,097,274
Amortization	--	2,689,924	2,541,893
	30,192,180	32,668,928	33,662,826
Excess (deficiency) of revenue over expenses	2,032,611	77,319	(357,677)
Accumulated surplus, beginning of year	42,052,454	42,052,454	42,410,131
Accumulated surplus, end of year	\$ 44,085,065	\$ 42,129,773	\$ 42,052,424

See accompanying notes to consolidated financial statements.

PIIKANI NATION

Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended March 31, 2013, with comparative figures for 2012

	Budget (unaudited - note 17)	2013	2012
Excess (deficiency) of revenue over expenses	\$ 2,032,611	\$ 77,319	\$ (357,677)
Acquisition of tangible capital assets	--	(2,083,012)	(4,565,830)
Amortization of tangible capital assets	--	2,689,924	2,541,893
Loss on disposal of tangible capital assets	--	(112,268)	683,305
Proceeds on sale of tangible capital assets	--	672,730	206,605
Change in inventory for development	--	--	12,041
Change in prepaid expenses	--	107,218	231,960
	--	1,274,592	(890,026)
Change in net financial assets (debt)	2,032,611	1,351,911	(1,247,703)
Net financial assets (debt), beginning of year	(866,872)	(866,872)	380,831
Net financial assets (debt), end of year	\$ 1,165,739	\$ 485,039	\$ (866,872)

See accompanying notes to consolidated financial statements.

PIIKANI NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in)		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 77,319	\$ (357,677)
Items not involving cash:		
Amortization	2,689,924	2,541,893
Loss (gain) on disposal of tangible capital assets	(112,268)	683,305
Gross revenue earned on trust funds	(182,524)	(328,410)
Equity earnings in Oldman River Hydro Joint Venture	(1,268,808)	(1,502,821)
Change in non-cash operating assets and liabilities:		
Inventory	(169,849)	461,668
Accounts receivable	546,987	1,772,827
Notes receivable	14,899	(455,667)
Accounts payable and accrued liabilities	(59,341)	850,328
Deferred revenue	889,793	(440,849)
Inventory under development	--	12,041
Other	138,449	(44,486)
Prepaid expenses	107,218	231,960
	2,671,799	3,424,112
Capital activities:		
Acquisition of tangible assets	(2,083,012)	(4,565,830)
Proceeds on disposal of tangible capital assets	672,730	206,605
	(1,410,282)	(4,359,225)
Financing activities:		
Proceeds on long-term debt	91,044	57,519
Payments on long-term debt	(2,024,613)	(247,968)
	(1,933,569)	(190,449)
Investing activities:		
Decrease in investments	133,667	639,749
Due to (from) other Piikani entities	--	4,692
Trust funds disbursed	--	701,931
Distributions - Oldman River Hydro Joint Venture	1,533,539	1,577,067
Increase in restricted funds	49,061	(129,380)
	1,716,267	2,794,059
Increase in cash	1,044,215	1,668,497
Cash, beginning of year	6,603,319	4,934,822
Cash, end of year	\$ 7,647,534	\$ 6,603,319
Cash consists of the following:		
Cash and cash equivalents	\$ 7,660,978	\$ 6,930,113
Cheques issued in excess of funds on deposit	--	(63,002)
Bank indebtedness	(13,444)	(263,792)
	\$ 7,647,534	\$ 6,603,319

See accompanying notes to consolidated financial statements.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

Piikani Nation is an aboriginal organization that represents Piikani Members in Southern Alberta.

1. Significant accounting policies:

The financial statements of Piikani Nation (the "Nation") are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies adopted by the Nation are as follows:

(a) Reporting Entity:

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

The consolidated financial statements include the assets, liabilities and results of operations for the following entities:

Piikani Nation - Government
Ky-Naak-Ku-Kan Housing Corporation
Peigan Board of Education
Piikani Resource Development Ltd.
1559725 Alberta Ltd.

Piikani Social Development
Peigan Indian Rural Electrification Association
Oldman Irrigation Ltd.
Piikani Child and Family Services

Information related to Piikani Investment Corporation and its related controlled entities, was not available and accordingly is not included in these consolidated financial statements.

(b) Basis of accounting:

The Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

1. Significant accounting policies (continued):

(c) Revenue recognition:

Government transfers:

Government transfers are the transfer of assets from senior levels or government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Government transfers, contributions and other amounts are received from third parties pursuant to legislations regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Aboriginal Affairs and Northern Development Canada ("AANDC"):

Program revenue received from AANDC is recognized as it becomes receivable under the terms of the applicable funds transfer agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the statement of financial position in the year of receipt.

Canada Mortgage and Housing Corporation ("CMHC"):

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Residential Rehabilitation Assistance Program ("RRAP"):

RRAP provides five year, non-interest bearing, and forgivable loans for low-income homeowners whose homes require major renovations. All funds received during the fiscal year are recorded as revenue earned in that year. Any funds, 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.

Treaty 7 Economic Development Corporation ("Treaty 7"):

Treaty 7 provides funding for specific purposes. Funds allocated to a specific purpose, which have not been expended for that purpose by the fiscal year end of the entity, are recorded as deferred revenue and appear as a liability on the statement of financial position. These funds are reported as revenues in the year the specific expenditures are incurred.

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Notes to Consolidated Financial Statements

Year ended March 31, 2013

1. Significant accounting policies (continued):

(d) Deferred revenue:

Deferred revenue includes grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

(e) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(f) Employee future benefits:

The Nation and its employees participate in a multi-employer defined benefit pension plan. The contributions are expensed as incurred.

(g) Investments:

Investments include a 25% interest in the Oldman River Hydro Joint Venture and are recorded on the equity basis. All other investments are recorded at cost.

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Residential buildings	20-40
Buildings and improvements	20
Infrastructure, distribution systems and engineering structures	20-33
Automotive, machinery and equipment	3-5
Furniture and equipment	5
Computer equipment	3

When conditions indicate that a tangible capital asset no longer contributes to the Entity's ability to provide goods and services, or the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the net book value of the tangible capital asset is written down to reflect the decline in the tangible capital assets' net book value.

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization

The Nation does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

1. Significant accounting policies (continued):

(i) Inventory held for resale:

Housing inventory is measured at the lower of cost or net realizable value using the specific item basis. Costs consist of the cost of raw materials and other costs that bring the housing units to marketable condition.

Inventories of agricultural product and biological assets are valued at the lower of cost and estimated net realizable value.

The actual amount that will be realized for the inventories may be more or less than this value.

When circumstances exist where the estimated amounts that will be realized from the inventory is less than cost it is written down to the estimated net realizable value. When circumstances which previously resulted in inventories to be written down no longer exist the previous impairment is reversed.

(j) Asset retirement obligation:

The Nation is subject to regulations requiring the repair, removal and disposal of friable asbestos. The obligation, under these regulations meets the definition of a conditional asset retirement obligation.

As a result of the longevity of the Nation's facilities, due in part to the Nation's maintenance procedures, and the fact that the Nation does not have plans for major changes that would require the removal of asbestos, the timing of the removal of asbestos in the Nation's facilities is indeterminable at year end. As a result, the Nation is currently unable to estimate the fair value of its asbestos removal and disposal obligation. Therefore, expenditures are recorded in accounts as they are incurred.

(k) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from these estimates.

(l) Cash and cash equivalents:

Cash and cash equivalents consists of cash on hand and deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

2. Recent accounting pronouncements:

The Public Sector Accounting Board recently announced the following accounting pronouncements:

i) Liability for contaminated sites:

This accounting pronouncement establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. It is effective for fiscal years beginning on or after April 1, 2014, with early adoption encouraged.

ii) Financial instruments:

This accounting pronouncement establishes standards on how to account and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2015 for governments.

iii) Foreign currency translation:

This accounting pronouncement establishes standards on how to account and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2015 for governments.

Management has indicated that the impact of the adoption of these standards is being evaluated and it not known or reasonably estimable at this time.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

3. Investments:

Investments comprise of the following:

	2013		2012	
	Cost	Market	Cost	Market
Investment in Oldman River Hydro Joint Venture	\$ 7,080,267	\$ 7,080,267	\$7,344,998	\$7,344,998
Piikani Child and Family Investment portfolio:				
Bank of Montreal	--	--	143,302	155,801
Children's Special Allowance	--	--	77	77
Bond portfolio	--	--	34	34
Other	37,402	37,402	48,054	48,054
	\$ 7,117,669	\$ 7,117,669	\$ 7,536,465	\$7,548,964

The Piikani Child and Family Investment portfolio consist of fixed income investments.

The market value of the investment in Oldman River Hydro Joint Venture is not readily available and is not disclosed in the financial statements.

Investment in Oldman River Hydro Joint Venture:

Piikani Nation holds a 25% interest in the Oldman River Hydro Joint Venture. Information specifically related to this interest is as follows:

	2013	2012
Investment in Oldman River Hydro Joint Venture	\$ 7,444,968	\$ 7,444,968
Advances for operating costs	50,000	50,000
Share of earnings (cumulative)	6,768,838	5,500,030
Cash distributions (cumulative)	(7,183,539)	(5,650,000)
	\$ 7,080,267	\$ 7,344,998

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Notes to Consolidated Financial Statements

Year ended March 31, 2013

3. Investments (continued):

The following summarized information extracted from the Oldman River Hydro Joint Venture unaudited financial statements representing 25% interest.

	2013	2012
Financial assets	\$ 978,415	\$ 1,295,729
Financial liabilities	721,640	923,217
Net financial assets	256,775	372,512
Non-financial assets	6,823,492	6,972,486
Share of equity	\$ 7,080,267	\$ 7,344,998
	2013	2012
Revenue	\$ 2,056,932	\$ 2,489,590
Costs of sales	(352,814)	(601,895)
Operating expenses	(435,310)	(385,582)
	1,268,808	1,502,113
Other income	--	708
Share of earnings	\$ 1,268,808	\$ 1,502,821

4. Accounts receivable:

	2013	2012
Aboriginal Affairs and Northern Development Canada	\$ 572,803	\$ 620,563
Treaty 7	74,372	35,650
Canada Housing and Mortgage Corporation	--	3,200
First Nations Development Foundation	230,475	239,973
Other	766,188	1,291,339
	\$ 1,643,838	\$ 2,190,725

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Notes to Consolidated Financial Statements

Year ended March 31, 2013

5. Trust funds:

The trust funds arise from monies 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. The management of these funds is primarily governed by Section 63 and Section 69 of the Indian Act. These funds can be accessed by the Piikani Nation with the approval of Aboriginal Affairs and Northern Development Canada. The trust funds include the following:

	2013	2012
Capital fund	\$ 5,813	\$ 5,813
Land replacement – capital account	2,115,000	2,115,000
Land replacement – revenue account	349,953	290,859
Per capita account	15,279	14,912
Revenue fund account	323,658	200,595
	\$ 2,809,703	\$ 2,627,179

6. Tangible capital assets:

Cost	2012	Additions	Disposals	Transfers	2013
Land	\$ 952,499	\$ --	\$ --	\$ --	\$ 952,499
Buildings and improvements	46,210,148	716,334	(646,066)	479,405	46,759,821
Distribution systems	12,167,915	181,204	--	--	12,349,119
Engineering structures	3,148,962	376,680	--	--	3,525,642
Furniture and equipment	2,706,288	296,989	--	--	3,003,277
Computer equipment	572,627	9,982	--	--	582,609
Automotive, machinery and equipment	5,329,537	501,823	(182,525)	--	5,648,835
Assets under construction	479,405	--	--	(479,405)	--
	\$71,567,381	\$ 2,083,012	\$ (828,591)	\$ --	\$ 72,821,802

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Notes to Consolidated Financial Statements

Year ended March 31, 2013

6. Tangible capital assets (continued):

Accumulated amortization	2012	Amortization expense	Disposals	2013
Buildings and improvements	\$ 17,654,497	\$ 1,523,250	\$ (94,454)	\$ 19,083,293
Distribution systems	4,130,490	369,382	--	4,499,872
Engineering structures	1,453,053	112,749	--	1,565,802
Furniture and equipment	2,403,405	129,350	--	2,532,755
Computer equipment	479,168	42,997	--	522,165
Automotive, machinery and equipment	2,764,037	512,196	(173,675)	3,102,558
Total	\$ 28,884,650	\$ 2,689,924	\$ (268,129)	\$ 31,306,445

Net book value	2013	2012
Land	\$ 952,499	\$ 952,499
Buildings and improvements	27,676,528	28,555,651
Distribution systems	7,849,247	8,037,425
Engineering structures	1,959,840	1,695,909
Furniture and equipment	470,522	302,883
Computer equipment	60,444	93,459
Automotive, machinery and equipment	2,546,277	2,565,500
Assets under construction	--	479,405
	\$ 41,515,357	\$ 42,682,731

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Notes to Consolidated Financial Statements

Year ended March 31, 2013

7. Deferred revenue:

	2013	2012
Piikani Administration	\$ 2,644,392	\$ 1,073,598
Piikani Child and Family Services	826,455	1,446,401
Piikani Human Resource Development and Employment Services	1,147,630	1,007,449
Piikani Public Works	5,311	119,760
Piikani Social Development	58,820	27,675
Peigan Board of Education	74,302	167,234
Piikani Resource Development Ltd.	1,300	26,300
Oldman Irrigation Ltd.	121,050	121,050
	<u>\$ 4,879,260</u>	<u>\$ 3,989,467</u>

8. Advances from Settlement Trust:

The amounts advanced from the Settlement Trust are unsecured, non-interest bearing and repayable on demand.

9. Bank indebtedness:

At March 31, 2013, the Nation had an operating line of credit totaling \$300,000 of which \$nil (2012 - \$263,792) was drawn. This line of credit is collateralized by a general security agreement. This line of credit bears interest at prime plus 1.75% and revolves in increments of \$10,000. Interest is payable monthly. Prime rate as at March 31, 2013 is 3.00% (2012 - 3.00%).

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Notes to Consolidated Financial Statements

Year ended March 31, 2013

10. Long-term debt:

	2013	2012
Piikani Housing Authority and Rentals:		
Housing loans payable to various financial institutions in monthly instalments of \$46,250 including interest at rates from 2.86% to 8.90%, secured by postponements and guarantees by parties within the reporting entity, an assignment of settlement trust interest revenues and specific assets owned by the Nation. Maturing at various dates to December, 2013	\$ 1,974,516	\$ 3,875,613
Piikani Administration:		
Loans payable in monthly instalments of \$11,400, including interest at 8%, secured by a demand promissory note for \$1,463,000, a Band Council Resolution authorizing the borrowing, assignment of lease payments of the related building and an assignment of insurance, matures February, 2017	1,094,675	1,176,228
CNH Equipment loans payable in annual installments of \$20,140 including interest at rates from 0% to 6.99%, secured by specific equipment maturing at various dates to October, 2017	108,960	67,038
BMO equipment loan with interest rates at prime plus 2%, payable in monthly installments of \$783 plus interest, secured by specific equipment and due on demand	26,633	36,033
Piikani Administration and Piikani Resource Development Ltd. 8% loan to Piikani Settlement Fund, the terms of this loan are discussed below	5,169,076	5,169,076
Finance contract with interest at 6.75%, payable in monthly installments at \$999, secured by specific equipment, maturing July, 2016	30,437	38,187
Term loan payable in monthly installments of \$695, including interest of 5.50%, secured by specific equipment due April, 2016	24,309	--
	\$ 8,428,606	\$ 10,362,175

The loan to Piikani Settlement fund is payable to Piikani Energy Corporation but ultimately to the Settlement fund of the Piikani Nation through the Piikani Oldman Hydro Limited Partnership.

The loan was arranged under the guidance of the Trust Agreement created by the Settlement Agreement signed between the Piikani Nation, the Government of Canada and the Province of Alberta. The Settlement Agreement is the result of ongoing negotiations to settle claims and disputes relating to the Oldman River, The Lethbridge Northern Irrigation Headworks and the Oldman River Dam between the Federal Government of Canada and the Provincial Government of Alberta. Through the Settlement Agreement, the Piikani Nation has resolved land and water claim issues as well as has access to financial resources in the development of the Piikani Nation for the benefit of its members.

During the year, the Nation failed to make regular scheduled payments on certain mortgages, as well the Nation did not properly renew certain mortgages with the respective financial institutions. As a result certain mortgages are in default.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

11. Accumulated surplus:

	Operating	Trust funds	CMHC Reserve	Capital	Total 2013	Total 2012
Balance, beginning of year	\$ 1,435,362	\$ 2,627,179	\$ 600,590	\$37,389,323	\$42,052,454	\$ 42,410,131
Excess (deficiency) of revenue over expenses	77,319	--	--	--	77,319	(357,677)
Amortization of tangible capital assets	2,689,924	--	--	(2,689,924)	--	--
Acquisition of tangible capital assets	(2,083,012)	--	--	2,083,012	--	--
Net book value of assets disposed	555,862	--	--	(555,862)	--	--
Transfer from CMHC reserve	(34,500)	--	34,500	--	--	--
Gross revenue earned on trust funds	(182,524)	182,524	--	--	--	--
Principal payments on long-term debt related to capital assets	(2,024,613)	--	--	2,024,613	--	--
Funds borrowed to purchase tangible capital assets	91,044	--	--	(91,044)	--	--
	\$ 524,862	\$ 2,809,703	\$ 635,090	\$38,160,118	\$42,129,773	\$ 42,052,454

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

12. Economic dependence:

Piikani Nation receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada, Health Canada and other Federal and Provincial government departments.

13. Aboriginal Affairs and Northern Development Canada:

	2013	2012
Base:		
Piikani Administration	\$ 2,645,697	\$ 1,869,806
Piikani Child and Family Services	2,637,245	2,781,011
Piikani Human Resource Development and Employment Services	36,862	31,175
Piikani Housing Authority and Rentals	5,100	472,142
Piikani Public Works	2,393,144	2,343,374
Peigan Board of Education	5,618,164	4,694,467
Piikani Social Development	3,283,773	4,268,046
	\$ 16,619,985	\$ 16,460,021

14. Financial instruments:

It is management's opinion that the Entity is not exposed to significant currency or credit risk arising from its financial instruments.

Unless otherwise noted, the fair values of financial assets and liabilities approximate their carrying values due to the relatively short periods to maturity of the instruments.

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

15. Honouraria, salaries and benefits disclosures:

Honourarium and travel expense paid to elected officials:

	Months	Honourarium	Travel	Total 2013	Total 2012
Gayle Strikes					
With A Gun	12	\$ 56,329	\$ 390	\$ 56,719	\$ 66,127
Andrew Provost	12	48,525	3,788	52,313	55,817
Angela Grier	12	48,525	9,468	57,993	53,828
Casey Scott	12	51,980	2,998	54,978	56,402
Clayton Small Legs	12	52,399	11,119	63,518	55,199
Eloise Provost	12	48,525	6,299	54,824	55,492
Fabian North Peigan	12	48,720	14,265	62,985	62,544
Rebecca Weasel Traveler	12	48,525	5,661	54,186	58,705
Kyle Grier	12	48,525	9,284	57,809	56,253
Maurice Little Wolf	12	48,525	3,159	51,684	56,765
Wesley Provost	12	48,525	7,480	56,005	54,381
Willard Yellow Face	12	48,525	4,907	53,432	56,315
Doane Crowshoe	12	48,525	12,924	61,449	58,292
		\$ 646,153	\$ 91,742	\$ 737,895	\$ 746,120

Salary and benefits of designated officers:

	Months	Salary and benefits	Travel	Total 2013	Total 2012
Chief Executive Officer, current	3	\$ 20,129	\$ 2,596	\$ 22,725	\$ --
Acting Chief Executive Officer, past	2	10,096	1,828	11,924	--
Chief Executive Officer, past	4	24,615	4,448	29,063	--
Acting Chief Executive Officer/ Chief Executive Officer past	8	65,615	5,892	71,507	--
Chief Executive Officer, past	5	--	--	--	42,510
Chief Executive Officer, past	1	--	--	--	17,555
Chief Executive Officer, past	3	--	--	--	25,595
Other managers	14	699,111	122,826	821,937	929,230
		\$ 819,566	\$ 137,590	\$ 957,156	\$ 1,014,890

PIIKANI NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2013

16. Contingent liabilities:

- a) The Nation has been named a defendant in various legal actions. Management is of the opinion that there is a strong defense against these claims. Accordingly, no provisions for losses have been reflected in the accounts.
- b) The Nation has not recognized a liability for certain legal obligations, primarily special handling for the removal and disposal of encapsulated asbestos from facilities and equipment. The fair value of these liabilities cannot be reasonably determined as the settlement dates are not known.

17. Budget information:

The unaudited budget information presented in these financial statements is based upon the 2013 operating and capital budgets approved by the Chief and Council.

18. Comparative information:

Certain 2012 comparative information has been reclassified to conform with the financial statement presentation adopted per the current year.

19. Commitments:

The Nation has the following commitments:

- a) In the normal course of business, the Nation enters into commitments for both capital and operational leases. The estimated minimum aggregate annual payments are approximately \$65,000. These commitments have been budgeted for and are approved by Chief and Council.
- b) The Nation has entered into agreements with Zynxx (Utility Net) to assist in managing their electricity portfolio and back end processing including support and managing meter assets, power pool purchases, wire rate billing and management of customer accounts. The Nation pays \$4 per new member service and \$9 per member monthly.

20. Segmented disclosure:

The Entity discloses information on its segments in the following schedule. The Entity provides a range of services to the Nation Members, for each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments is consistent with those adopted by the Entity as a whole.

PIIKANI NATION

Consolidated Schedule of Segmented Disclosures

Year ended March 31, 2013, with comparative figures for 2012

	2013			2012		
	Revenues	Expenses	Excess (deficiency)	Revenues	Expenses	Excess (deficiency)
Piikani Administration	\$12,878,010	\$13,116,814	\$ (238,804)	\$13,117,566	\$12,587,551	\$ 530,015
Piikani Social Development	3,177,867	3,264,756	(86,889)	4,179,093	4,238,834	(59,741)
Piikani Housing Authority and Rentals	1,197,632	1,347,074	(149,442)	2,674,365	3,191,671	(517,306)
KY NAAK KU-KAN Housing Corporation	1,104,380	660,065	444,315	1,505,534	938,745	566,789
Piikani Human Resource Development and Employment Services	1,207,367	1,209,245	(1,878)	1,350,593	1,348,128	2,465
Piikani Public Works	2,571,697	2,663,407	(91,710)	2,529,755	2,739,405	(209,650)
Peigan Board of Education	6,660,145	6,831,633	(171,488)	5,456,846	5,967,697	(510,851)
Piikani Child and Family Services	3,957,843	3,424,492	533,351	3,003,028	3,280,485	(277,457)
Piikani Resource Development Ltd.	914,246	911,361	2,885	500,365	539,314	(38,949)
Peigan Indian Rural Electrification Association	600,511	763,572	(163,061)	838,513	681,505	157,008
Oldman Irrigation Ltd.	520	480	40	240	240	--
15597125 Alberta Ltd.	1,702	1,702	--	1,568	1,568	--
	34,271,920	34,194,601	77,319	35,157,466	35,515,143	(357,677)
Net inter-departmental elimination	(1,525,673)	(1,525,673)	--	(1,852,317)	(1,852,317)	--
	\$32,746,247	\$32,668,928	\$ 77,319	\$33,305,149	\$33,662,826	\$ (357,677)

Piikani Nation

Statement of Receipt and Expenditure of Indian Moneys
Ottawa Trust Moneys
For the Year-ended March 31, 2013
Piikani Nation

Revenue Trust Money

Band Council Resolution:		Receipt and Expenditure of Funds:			
Date and Number of BCR:	Date Funds Released to First Nation:	Purpose for Release of Funds per BCR:	Unexpended Prior Years Withdrawals from Trust Funds - beginning of year	Amount Received from Trust Funds	Unexpended Withdrawals from Trust Funds - End of Year
2010-1117-02	9-Dec-12	Governance	\$250,000	--	\$250,000
Capital Trust Money					
Band Council Resolution:		Receipt and Expenditure of Funds:			
Date and Number of BCR:	Date Funds Released to First Nation:	Purpose for Release of Funds per BCR:	Unexpended Prior Years Withdrawals from Trust Funds - beginning of year	Amount Received from Trust Funds	Unexpended Withdrawals from Trust Funds - End of Year
2012-0302-04	26-Mar-12	Chief and Council Honorariums	\$191,931	--	\$191,931