

**Sunchild First Nation
Consolidated Financial Statements
March 31, 2018**

Sunchild First Nation

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Sunchild First Nation

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. These consolidated financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Sunchild First Nation's management is also responsible for implementing and maintaining systems of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately accounted for and adequately safeguarded.

Sunchild First Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to management and Chief and Council.

Original Signed By _____ Chief *Original Signed By* _____ Councilor

Original Signed By _____ Councilor *Original Signed By* _____ Councilor

Original Signed By _____ Councilor *Original Signed By* _____ Councilor

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Suncild First Nation**, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of financial activities, change in net financial assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations 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.

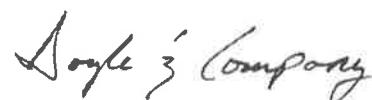
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Suncild First Nation as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

July 26, 2018

Edmonton, Alberta



Chartered Professional Accountants

Sunchild First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	-	1,945,218
Investments (Note 3)	451,487	378,536
Accounts receivable (Note 4)	1,231,188	903,633
Investment in subsidiaries (Note 9)	337,960	451,736
Trust funds held by federal government (Note 11)	1,735,946	1,096,813
	3,756,581	4,775,936
LIABILITIES		
Bank indebtedness (Note 5)	268,467	-
Accounts payable	809,833	521,165
Deferred contribution (Note 7)	2,102,368	2,887,290
Long-term liabilities (Note 8)	333,332	45,007
	3,514,000	3,453,462
NET FINANCIAL ASSETS	242,581	1,322,474
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	25,456,880	24,378,331
Prepaid expenditures	14,712	14,712
	25,471,592	24,393,043
ACCUMULATED SURPLUS (Schedule 1 and Note 13)	25,714,173	25,715,517

Approved by:

<i>Original Signed By</i>	Chief	<i>Original Signed By</i>	Councilor
<i>Original Signed By</i>	Councilor	<i>Original Signed By</i>	Councilor
<i>Original Signed By</i>	Councilor	<i>Original Signed By</i>	Councilor

Sunchild First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
REVENUE			
Indigenous Services Canada (ISC)			
Grant Contribution	-	-	547,889
Fixed Contribution	12,141,788	10,326,872	12,623,656
Set Contribution	3,345,500	-	4,240,256
Health Canada	1,368,500	1,559,769	1,352,573
Aboriginal Skills and Employment Training Strategy	177,000	431,185	373,211
Trust Funds - Capital	606,000	820,000	600,000
First Nation Development Fund	580,000	617,975	576,250
Other revenue	2,378,604	4,057,020	4,630,090
Revenue deferred from previous period	-	2,887,291	78,133
Revenue deferred to subsequent period	-	(2,102,368)	(2,887,290)
	20,597,392	18,597,744	22,134,768
EXPENDITURES			
Aboriginal Job Entry Program	-	-	262,553
Aboriginal Skills and Employment Training Strategy (ASETS)	177,000	237,785	185,131
Administration	1,491,100	2,635,947	1,467,889
Chief & Council	1,079,000	684,620	1,077,148
Child Welfare	171,000	151,412	170,059
Daycare	220,060	299,597	249,300
Economic Development	705,000	229,346	603,176
First Nation Development Fund	636,690	548,420	654,219
Flood disaster recovery	-	-	709,814
Housing	1,164,300	1,035,748	1,209,513
Medical Services	1,508,220	1,559,803	1,243,623
Public Works	1,345,500	1,518,184	1,423,168
School - Aboriginal Headstart	93,000	105,184	92,732
School - Bussing	288,000	306,633	287,541
School - Contributions	1,978,000	1,926,836	1,963,289
School - O&M	748,000	743,798	747,502
School - Operations	2,628,000	2,399,709	2,292,175
Social Services	1,690,500	1,578,979	1,671,514
AB Government and Summer Student Program	31,000	266,486	30,293
Traditional Land Use	820,000	1,668,730	884,312
	16,774,370	17,897,217	17,224,951
Excess of Revenue over Expenditures Before Other			
Revenue (Expenses)	3,823,022	700,527	4,909,817
Amortization	-	(1,584,866)	(1,590,560)
Excess (Shortfall) of Revenue over Expenditures before			
Tangible Capital Assets	3,823,022	(884,339)	3,319,257
Tangible capital assets purchased	-	2,663,415	5,063,783
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	3,823,022	(3,547,754)	(1,744,526)

The accompanying notes form part of these financial statements.

Sunchild First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2018

	2018 \$	2017 \$
EXCESS OF REVENUES OVER EXPENSES	(884,339)	3,319,257
Acquisition of tangible capital assets	(2,663,415)	(5,063,783)
Amortization of tangible capital assets	1,584,866	1,590,559
Long term liabilities repaid	-	38,295
Earnings in controlled entities	243,862	186,462
Earnings on trust funds	1,459,133	938,481
Withdrawals of trust funds	(820,000)	(810,900)
Use (acquisition) of prepaid assets	-	(6,327)
	(195,554)	(3,127,213)
INCREASE (DECREASE) IN NET ASSETS	(1,079,893)	192,044
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,322,474	1,130,430
NET FINANCIAL ASSETS, END OF YEAR	242,581	1,322,474

Sunchild First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and customers	17,485,465	24,727,853
Cash paid to suppliers	(17,608,749)	(17,216,989)
	(123,284)	7,510,864
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in demand loan	-	(117,390)
Increase (Decrease) in long-term liabilities	288,325	(61,111)
Increase (Decrease) in capital lease obligations	-	(492,107)
	288,325	(670,608)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset additions	(2,663,415)	(5,063,783)
Increase (decrease) in advances from subsidiaries	357,640	205,887
Decrease (increase) in investments	(72,951)	-
	(2,378,726)	(4,857,896)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(2,213,685)	1,982,360
CASH (BANK INDEBTEDNESS) - Beginning of year	1,945,218	(37,142)
CASH (BANK INDEBTEDNESS) - End of year	(268,467)	1,945,218

Sunchild First Nation

Consolidated Statement of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2018

	Unrestricted Surplus	Equity in Enterprise	Equity in Tangible Capital Assets	Equity in Trust Funds	2018	2017
Balance, Beginning of Year	(166,353)	451,735	24,333,322	1,096,813	25,715,517	21,699,526
Excess (Deficiency) of revenue over expenses	(884,339)	243,862	-	1,459,133	818,656	4,444,200
Adjusted prior years equity	-	-	-	-	-	344,396
Restricted funds used for operations	-	-	-	(820,000)	(820,000)	(810,900)
Current years funds advanced from subsidiaries	357,640	(357,640)	-	-	-	-
Current years funds used for tangible capital assets	(2,663,415)	-	2,663,415	-	-	-
Annual amortization expense	1,584,866	-	(1,584,866)	-	-	-
Long-term liabilities obtained	364,242	-	(364,242)	-	-	-
Long-term liabilities repaid	(75,919)	-	75,919	-	-	38,295
Change in accumulated surplus	(1,316,925)	(113,778)	790,226	639,133	(1,344)	4,015,991
Balance, End of Year	(1,483,278)	337,957	25,123,548	1,735,946	25,714,173	25,715,517

The accompanying notes form part of these financial statements.

Sunchild First Nation

Consolidated Statement of Tangible Capital Assets - Schedule 2

For the year ended March 31, 2018

	Automotive	Buildings & Housing	Furniture and Equipment	Infrastructure	2018	2017
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	3,861,501	40,767,349	970,280	4,530,545	50,129,675	45,065,892
Acquisition of tangible capital assets	523,240	-	-	2,140,175	2,663,415	5,063,783
<u>Balance, End of Year</u>	<u>4,384,741</u>	<u>40,767,349</u>	<u>970,280</u>	<u>6,670,720</u>	<u>52,793,090</u>	<u>50,129,675</u>
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	3,188,928	21,293,194	882,451	386,771	25,751,344	24,160,785
Annual amortization	280,258	1,085,163	21,511	197,934	1,584,866	1,590,559
<u>Balance, End of Year</u>	<u>3,469,186</u>	<u>22,378,357</u>	<u>903,962</u>	<u>584,705</u>	<u>27,336,210</u>	<u>25,751,344</u>
NET BOOK VALUE	915,555	18,388,992	66,318	6,086,015	25,456,880	24,378,331

The accompanying notes form part of these financial statements.

Suncild First Nation

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2018

The accompanying notes form part of these financial statements.

Sunchild First Nation
Consolidated Statement of Expenditures by Object - Schedule 4
For the year ended March 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
EXPENDITURES			
Building maintenance	400,000	205,667	421,144
Bad debt	-	-	162,213
Contractors	1,650,000	1,417,519	1,772,612
Cultural expenses	1,600,000	2,723,129	1,619,939
Equipment	125,000	57,264	129,081
Insurance	165,000	151,709	164,710
Interest and bank charges	30,000	84,906	30,582
Materials and supplies	2,300,000	1,774,428	2,314,492
Meeting expenses	120,000	291,648	126,674
Office	70,000	56,359	76,557
Professional fees	793,000	654,260	793,514
Recreational activities	264,000	359,864	264,509
Repairs and maintenance	1,131,640	791,576	1,144,913
Special events	45,000	36,187	44,836
Telephone and utilities	400,000	438,717	399,120
Training	100,000	72,777	131,975
Travel	956,000	1,353,006	956,666
Vehicle	425,000	346,559	446,264
Wages and employee benefits	6,200,000	7,081,642	6,225,150
	16,774,640	17,897,217	17,224,951

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

DESCRIPTION OF OPERATIONS

The Chief and Council of Sunchild First Nation (the "First Nation") primary function is to administer the affairs of Sunchild First Nation.

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity and Principles of Financial Reporting

The Sunchild First Nation's reporting entity includes the Sunchild First Nation and all related entities which are accountable to the First Nation and are either owned, controlled or have significant influence by the First Nation and which are not dependent on the First Nation for their continuing operations are included in the summary financial statements using the modified equity method. These include:

- 1863291 Alberta Ltd.
- Sunchild Oil & Gas Ltd.
- Sunchild Store (2005) Ltd.

(b) 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 normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance method over the estimated useful life at the annual rates as follows:

Automotive equipment	30%
Community buildings	4%
Computer equipment	30%
Furniture and equipment	20%
Housing	10%
Infrastructure	4%

Annual amortization is charged in the year of acquisition and not in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. Assets under capital leases are amortized on the declining balance basis, over their estimated useful lives. All other leases are accounted for as operation leases and the related lease payments are charges to expenditures as incurred.

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash deposited in a Canadian financial institution, and is not subject to significant risk of change in value.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value.

(e) Investments

Investments are recorded at the lower of cost or market value unless there is permanent impairment and then the investments are written down.

(f) Trust Funds

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust fund accounts, or are receivable or accrued at year-end, which have been authorized by Indigenous and Northern Affairs Canada (ISA) and were approved by a band council resolution (BCR). The amounts on deposit with the Government of Canada are audited by the Auditor General of Canada.

(g) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES - continued

(h) Financial Instruments

(i) Measurement of financial instruments

Sunchild First Nation initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

Sunchild First Nation subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

2. MEASUREMENT UNCERTAINTY

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

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

3. INVESTMENTS

Investments consist of three guaranteed investment certificates. These GIC's mature between May, 2018 and, November, 2018 and earn interest annually at rates of 0.5% to 0.95%. One of the GIC, in the amount of \$20,000 is used as a security for Credit Card Facility.

4. ACCOUNTS RECEIVABLE

	2018 \$	2017 \$
Government Agencies		
Indigenous and Northern Affairs Canada	220,264	211,512
First Nation Development fund	1,049	227,320
Trade receivables	<u>1,009,875</u>	464,801
	<u>1,231,188</u>	903,633

5. BANK INDEBTEDNESS

Bank indebtedness represents cheques issued in excess of bank balance.

6. COMMITMENTS

The Nation has a revolving line of credit at the CIBC in the amount not to exceed \$250,000 in Canadian currency at any time. There are three (3) "Facilities:

(i) Facility A: Revolving Line of Credit - this revolving line of credit is to be used for day to day cash flow requirements. The credit limit is \$250,000 and the rate of interest is Prime plus 1.50% per annum, and the repayment terms is on demand. The outstanding balance at year-end was \$0.

(iii) Facility C: three Corporate Classic Visa Facilities - this facility is to be used for the purchase and payment of goods and services. The cumulative credit limit is \$52,000 and the repayment terms is on demand and in accordance with their standard VISA documentation. The outstanding balance at year-end was \$0. The facilities are secured by a Guaranteed Investment Certificate of \$20,000.

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

7. DEFERRED CONTRIBUTION

	2018 \$	2017 \$
Band Funds - Capital		
Economic Development	-	75,000
Firehall	247,029	1,523,488
Housing	210,000	210,000
Community	502,318	656,200
Band Funds - Revenue		
Health - Other	34,756	75,206
Health - Reserach Project	68,852	41,594
AB Government	217,010	-
Other deferred revenue	318,796	15,799
School	464,157	233,313
First Nation Development Fund	39,450	56,690
	2,102,368	2,887,290

8. LONG-TERM LIABILITIES

	2018 \$	2017 \$
CIBC mortgage bearing interest at 2.44% per annum, repayable in installments of \$5,086 including interest, due December 2017, secured by a Government of Canada guarantee	-	45,007
CIBC grader loan bearing interest at 4.95% per annum, repayable in quaterly installments of \$33,334 plus interest, loan is secured with an equipment with the net book value of \$309,604	333,332	-
	333,332	45,007
Less: Current portion, long-term liabilities	133,336	45,007
	199,996	-

Principal repayments of long-term liabilities over the next five years are as follows:

	\$
2019	133,336
2020	133,336
2021	66,660
	333,332

Interest paid on long-term liabilities amounted to \$7,676 (2017 - \$5,836) during the year.

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

9. INVESTMENTS IN AND ADVANCES TO (FROM) WHOLLY OWNED SUBSIDIARIES AND INVESTMENTS

	2018	2017
	\$	\$
(a) 1863291 Alberta Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	(1)	(1)
	-	-
(b) Sunchild Oil & Gas Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	(603,252)	(240,112)
Accumulated surplus in earnings	604,605	360,743
	1,354	120,632
(c) Sunchild Store (2005) Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	417,526	412,026
Accumulated surplus (deficit) in earnings	(80,921)	(80,921)
	336,606	331,106
Total investments	337,960	451,738

March 31, 2018 unaudited financial statements for 1863291 Alberta Ltd. is as follows:

	2018	2017
	\$	\$
Assets	-	-
Liabilities	-	-

March 31, 2018 unaudited financial statements for Sunchild Oil & Gas Ltd. is as follows:

	2018	2017
	\$	\$
Assets	604,605	360,743
Liabilities	-	-
Revenues	243,867	216,296
Net earnings for the year	243,862	209,971

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

10. INVESTMENTS IN AND ADVANCES TO (FROM) WHOLLY OWNED SUBSIDIARIES AND INVESTMENTS - CONTINUED

March 31, 2018 unaudited financial statements for Sunchild Store (2005) Ltd. is as follows:

	2018 \$	2017 \$
Assets	331,106	331,106
Liabilities	412,026	412,026
Revenues	-	-
Net earnings (loss) for the year	(23,509)	

10. EQUITY IN ENTERPRISE FUND

	2018 \$	2017 \$
Balance, beginning of year	451,735	471,160
Advances (repayments) to controlled entities	(357,640)	(205,887)
Surplus (loss) from controlled entities	243,862	186,462
Balance, end of year	337,957	451,735

11. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	909,378	187,435	1,096,813
Earnings	1,194,443	264,690	1,459,133
	2,103,821	452,125	2,555,946

BCR NUMBER	PROGRAM	Capital \$	Revenue \$	Total \$
2357-2018	Chief and Council	320,000	-	320,000
2357-2018	Christmas Bonus	-	110,000	110,000
2357-2018	Audit fees	80,000	-	80,000
2357-2018	Band Manager	60,000	-	60,000
2357-2018	Finance consultants	120,000	-	120,000
2357-2018	Finance Support	-	10,000	10,000
2357-2018	Plumbing	-	60,000	60,000
2357-2018	Road maintenance	-	60,000	60,000
		580,000	240,000	820,000
Balance, end of year		1,523,821	212,125	1,735,946

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible Capital assets (Schedule 2)	52,793,090	50,129,675
Accumulated amortization (Schedule 2)	(27,336,210)	(25,751,344)
<u>Long-term liabilities (Note 8)</u>	<u>(333,332)</u>	<u>(45,007)</u>
	25,123,548	24,333,324

13. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
Unrestricted surplus	(1,483,278)	(166,355)
Equity in enterprise funds	337,957	451,735
Equity in tangible capital assets	25,123,548	24,333,324
<u>Equity in trust funds</u>	<u>1,735,946</u>	<u>1,096,813</u>
	25,714,173	25,715,517

14. ECONOMIC DEPENDENCE

The Sunchild First Nation receives the majority of its funding from Indigenous Services Canada (ISC). The Nation is also dependent on Health Canada for funding to run its health program through a health funding consolidated contribution agreement.

15. BUDGET FIGURES

The budget figures are presented for information purposes only and have not been audited.

16. FINANCIAL INSTRUMENTS

The Nation's financial instruments consist of cash, investments, Trust Funds, accounts receivable, bank indebtedness, accounts payable, demand loan, deferred revenue and long-term liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit Risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Nation by failing to discharge an obligation. The Nation's credit risk is mainly related to accounts receivable. The Nation provides credit to its clients in the normal course of its operations and assesses on a continuous basis the accounts receivable and records any amounts that are not collectible in the allowance for doubtful accounts.

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16. FINANCIAL INSTRUMENTS - continued

Market Risk

Market risk is the risk that the fair value or future cash flows of the Nation's financial instrument will fluctuate because of changes in market prices. Some of the Nation's financial instruments expose it to this risk which comprises currency risk, interest rate risk, and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate. The Nation is exposed to interest rate risk on its bank account balances and any of its fixed and/or floating interest rate financial instruments.

Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation manages its liquidity risk by monitoring its operating requirements and cash forecasts to ensure it has sufficient funds to fulfil its financial obligations.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.