

**Suncild First Nation  
Consolidated Financial Statements  
March 31, 2019**

# **Sunchild First Nation**

## **CONTENTS**

	<u>Page</u>
<b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING</b>	1
<b>INDEPENDENT AUDITOR'S REPORT</b>	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Financial Activities	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule of Changes in Accumulated Surplus - Schedule 1	8
Consolidated Statement of Tangible Capital Assets - Schedule 2	9
Consolidated Statement of Financial Activities by Program - Schedule 3	10
Consolidated Statement of Expenditures by Object - Schedule 4	11
Consolidated Notes to the Financial Statements	12 - 20

## **Sunchild First Nation**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

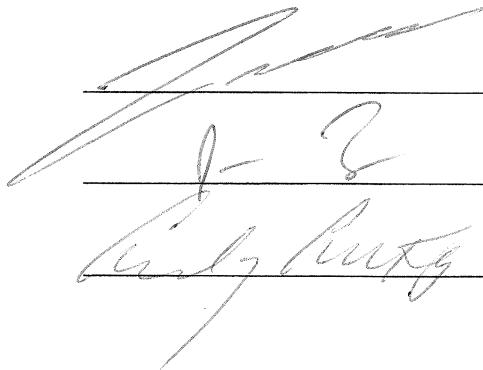
The accompanying consolidated financial statements of Sunchild First Nation are the responsibility of management and have been approved by the Chief and Council.

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.

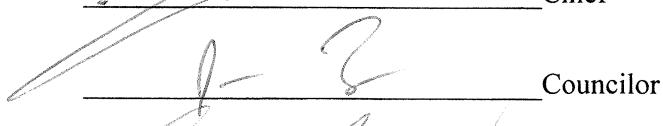
Sunchild First Nation's management is also responsible for implementing and maintaining systems of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately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

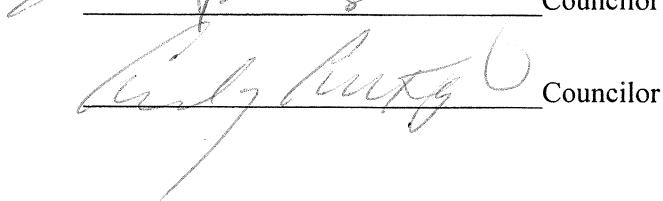
The consolidated financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to management and Chief and Council.



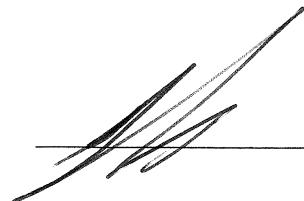
\_\_\_\_\_  
Chief



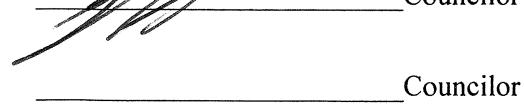
\_\_\_\_\_  
Councilor



\_\_\_\_\_  
Councilor



\_\_\_\_\_  
Councilor



\_\_\_\_\_  
Councilor



\_\_\_\_\_  
Councilor

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*  
\*Operates as a professional Corporation

11210 – 107 Avenue N.W.  
Edmonton, Alberta T5H 0Y1  
Tel (780) 452-2300, Fax (780) 452-2335

## INDEPENDENT AUDITOR'S REPORT

To the Chief and Council

### Opinion

We have audited the financial statements of **Suncild First Nation**, which comprise the statement of financial position as at March 31, 2019, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Organization's financial reporting process

### Auditor's Responsibility for the Audit of the Financial Statements

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

## INDEPENDENT AUDITOR'S REPORT - continued

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

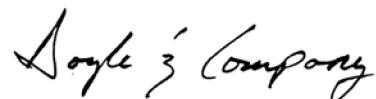
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Allen Lee, CPA, CMA.

September 18, 2019

Edmonton, Alberta



Chartered Professional Accountants

**Sunchild First Nation**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2019**

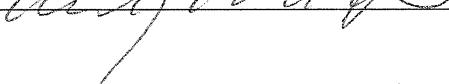
	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,419,843	-
Investments (Note 3)	425,711	451,487
Accounts receivable (Note 4)	1,256,650	1,231,188
Investment in subsidiaries (Note 5)	350,859	337,960
Trust funds held by federal government (Note 6)	2,434,843	1,735,946
	<b>5,887,906</b>	<b>3,756,581</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 7)	-	268,467
Accounts payable	791,558	809,833
Deferred contribution (Note 8)	2,637,273	2,102,368
Long-term liabilities (Note 9)	549,998	333,332
	<b>3,978,829</b>	<b>3,514,000</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,909,077</b>	<b>242,581</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	26,933,299	25,456,880
Prepaid expenditures	350	14,712
	<b>26,933,649</b>	<b>25,471,592</b>
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 13)</b>	<b>28,842,726</b>	<b>25,714,173</b>
Commitments (Note 10)		

Approved by:-

  
 Chief

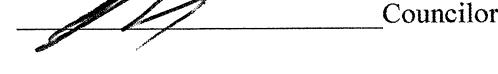
  
 Councilor

  
 Councilor

  
 Councilor

  
 Councilor

  
 Councilor

  
 Councilor

**Sunchild First Nation**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2019**

	2019 Budget \$	2019 Actual \$	2018 Actual \$
<b>REVENUE</b>			
Indigenous Services Canada (ISC)			
Grant Contribution	880,756	880,756	734,335
Fixed Contribution	10,907,288	10,907,287	7,954,440
Set Contribution	1,430,764	1,430,764	1,638,097
Flexible Contribution	3,119,815	3,119,815	-
Health Canada	1,795,197	1,795,197	1,559,769
Aboriginal Skills and Employment Training Strategy	193,744	193,744	193,094
Trust Funds - Capital	900,000	900,000	820,000
First Nation Development Fund	392,944	392,944	617,975
Other revenue	5,396,081	7,165,245	4,295,111
Revenue deferred from previous period	-	2,102,368	2,887,291
Revenue deferred to subsequent period	-	(2,637,273)	(2,102,368)
	<b>25,016,589</b>	<b>26,250,847</b>	<b>18,597,744</b>
<b>EXPENDITURES</b>			
Aboriginal Job Entry Program	150,000	119,370	-
Aboriginal Skills and Employment Training Strategy (ASETS)	193,744	206,762	237,785
Administration	3,601,388	3,335,525	2,635,947
Chief & Council	320,000	945,224	684,620
Child Welfare	160,000	132,502	151,412
Daycare	292,473	232,120	299,597
Economic Development	280,338	287,171	229,346
First Nation Development Fund	392,944	549,840	548,420
Housing	3,221,621	3,257,820	1,035,748
Medical Services	1,712,327	1,739,964	1,559,803
Public Works	1,354,500	1,353,369	1,518,184
School - Aboriginal Headstart	90,000	90,978	105,184
School - Bussing	416,025	379,505	306,633
School - Contributions	1,969,081	1,960,298	1,926,836
School - O&M	754,195	755,363	743,798
School - Operations	2,593,931	2,702,990	2,399,709
Social Services	2,095,423	1,877,296	1,578,979
AB Government and Summer Student Program	1,340,500	1,276,395	266,486
Traditional Land Use	1,200,000	971,862	1,668,730
	<b>22,138,490</b>	<b>22,174,354</b>	<b>17,897,217</b>
<b>Excess of Revenue over Expenditures Before Other Revenue (Expenses)</b>	<b>2,878,099</b>	<b>4,076,493</b>	<b>700,527</b>
Amortization	-	(1,659,736)	(1,584,866)
<b>Excess (Shortfall) of Revenue over Expenditures before Tangible Capital Assets</b>	<b>2,878,099</b>	<b>2,416,757</b>	<b>(884,339)</b>
Tangible capital assets purchased	-	3,136,155	2,663,415
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>2,878,099</b>	<b>(719,398)</b>	<b>(3,547,754)</b>

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, 2019**

	<b>2019</b> \$	<b>2018</b> \$
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>2,416,757</b>	(884,339)
Acquisition of tangible capital assets	(3,136,155)	(2,663,415)
Amortization of tangible capital assets	1,659,736	1,584,866
Earnings in controlled entities	12,899	243,862
Earnings on trust funds	1,598,897	1,459,133
Withdrawals of trust funds	(900,000)	(820,000)
Use (acquisition) of prepaid assets	14,362	-
	(750,261)	(195,554)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>1,666,496</b>	(1,079,893)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>242,581</b>	1,322,474
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>1,909,077</b>	242,581

**Sunchild First Nation**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2019**

	<b>2019</b> \$	<b>2018</b> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from funding agencies and customers	26,760,290	17,485,465
Cash paid to suppliers	(22,178,267)	(17,608,749)
	<b>4,582,023</b>	(123,284)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in long-term liabilities	700,000	400,000
Long-term debt repaid	(483,334)	(111,675)
	<b>216,666</b>	288,325
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital asset additions	(3,136,155)	(2,663,415)
Increase (decrease) in advances from subsidiaries	-	357,640
Decrease (increase) in investments	25,776	(72,951)
	<b>(3,110,379)</b>	(2,378,726)
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>1,688,310</b>	(2,213,685)
<b>CASH (BANK INDEBTEDNESS) - Beginning of year</b>	<b>(268,467)</b>	1,945,218
<b>CASH (BANK INDEBTEDNESS) - End of year</b>	<b>1,419,843</b>	(268,467)

**Sunchild First Nation**  
**Consolidated Statement of Changes in Accumulated Surplus - Schedule 1**  
**For the year ended March 31, 2019**

	Unrestricted Surplus \$	Equity in Enterprise \$	Equity in Tangible Capital Assets \$	Equity in Trust Funds \$	2019 \$	2018 \$
<b>Balance, Beginning of Year</b>	<b>(1,483,278)</b>	<b>337,957</b>	<b>25,123,548</b>	<b>1,735,946</b>	<b>25,714,173</b>	<b>25,715,517</b>
Excess (Deficiency) of revenue over expenses	2,416,757	12,899	-	1,598,897	4,028,553	818,656
Restricted funds used for operations	-	-	-	(900,000)	(900,000)	(820,000)
Current years funds used for tangible capital assets	(3,136,155)	-	3,136,155	-	-	-
Annual amortization expense	1,659,736	-	(1,659,736)	-	-	-
Long-term liabilities repaid	(133,336)	-	133,336	-	-	-
Change in accumulated surplus	807,002	12,899	1,609,755	698,897	3,128,553	(1,344)
<b>Balance, End of Year</b>	<b>(676,276)</b>	<b>350,856</b>	<b>26,733,303</b>	<b>2,434,843</b>	<b>28,842,726</b>	<b>25,714,173</b>

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, 2019**

	<b>Automotive</b>	<b>Buildings &amp; Housing</b>	<b>Furniture and Equipment</b>	<b>Infrastructure</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$.	\$	\$	\$
<b>COST:</b>						
Balance, Beginning of Year	4,384,741	40,767,349	970,280	6,670,720	52,793,090	50,129,675
Acquisition of tangible capital assets	88,295	1,926,020	23,580	1,098,260	3,136,155	2,663,415
Balance, End of Year	4,473,036	42,693,369	993,860	7,768,980	55,929,245	52,793,090
<b>ACCUMULATED AMORTIZATION:</b>						
Balance, Beginning of Year	3,469,186	22,378,357	903,962	584,705	27,336,210	25,751,344
Annual amortization	287,910	1,107,799	19,863	244,164	1,659,736	1,584,866
Balance, End of Year	3,757,096	23,486,156	923,825	828,869	28,995,946	27,336,210
<b>NET BOOK VALUE</b>	<b>715,940</b>	<b>19,207,213</b>	<b>70,035</b>	<b>6,940,111</b>	<b>26,933,299</b>	<b>25,456,880</b>

The accompanying notes form part of these financial statements.

**Sunchild First Nation**  
**Consolidated Statement of Financial Activities by Program - Schedule 3**  
**For the year ended March 31, 2019**

	ISC Revenue	Other Revenue	Total Revenue	2019			Surplus (Deficit) after Other Items	2018 Surplus (Deficit)
				Total Expenditures	Surplus (Deficit)	Other Items		
				\$	\$	\$		
Aboriginal Job Entry Program	-	<b>119,370</b>	<b>119,370</b>	<b>119,370</b>	-	-	-	-
Aboriginal Skills and Employment								
Training Strategy (ASETS)	-	<b>193,744</b>	<b>193,744</b>	<b>206,762</b>	<b>(13,018)</b>	-	<b>(13,018)</b>	<b>(44,691)</b>
Administration	<b>1,521,387</b>	<b>3,229,199</b>	<b>4,750,586</b>	<b>3,335,525</b>	<b>1,415,061</b>	<b>39,450</b>	<b>1,454,511</b>	<b>(107,128)</b>
Capital Projects	-	-	-	-	-	-	-	-
Chief & Council	-	<b>320,000</b>	<b>320,000</b>	<b>945,224</b>	<b>(625,224)</b>	<b>625,224</b>	-	<b>(364,620)</b>
Child Welfare	-	<b>132,502</b>	<b>132,502</b>	<b>132,502</b>	-	-	-	<b>14,381</b>
Daycare	-	<b>232,120</b>	<b>232,120</b>	<b>232,120</b>	-	-	-	<b>(61,506)</b>
Economic Development	<b>280,338</b>	<b>(11,009)</b>	<b>269,329</b>	<b>287,171</b>	<b>(17,842)</b>	-	<b>(17,842)</b>	<b>(70,984)</b>
First Nation Development Fund	-	<b>432,394</b>	<b>432,394</b>	<b>549,840</b>	<b>(117,446)</b>	<b>(39,450)</b>	<b>(156,896)</b>	<b>86,795</b>
Housing	<b>4,631,086</b>	<b>168,911</b>	<b>4,799,997</b>	<b>3,257,820</b>	<b>1,542,177</b>	-	<b>1,542,177</b>	<b>(115,170)</b>
Medical Services	-	<b>1,909,621</b>	<b>1,909,621</b>	<b>1,739,964</b>	<b>169,657</b>	-	<b>169,657</b>	<b>(18,362)</b>
Public Works	<b>2,424,156</b>	<b>(448,590)</b>	<b>1,975,566</b>	<b>1,353,369</b>	<b>622,197</b>	-	<b>622,197</b>	<b>(685,122)</b>
School - Operation	<b>2,513,931</b>	<b>376,358</b>	<b>2,890,289</b>	<b>2,702,990</b>	<b>187,299</b>	-	<b>187,299</b>	<b>20,000</b>
School - Contribution	<b>1,769,081</b>	<b>182,436</b>	<b>1,951,517</b>	<b>1,960,298</b>	<b>(8,781)</b>	-	<b>(8,781)</b>	-
School - Bussing	<b>416,025</b>	<b>(34,352)</b>	<b>381,673</b>	<b>379,505</b>	<b>2,168</b>	-	<b>2,168</b>	<b>70,000</b>
School - O & M	<b>689,195</b>	<b>62,158</b>	<b>751,353</b>	<b>755,363</b>	<b>(4,010)</b>	-	<b>(4,010)</b>	<b>(8,543)</b>
School - Aboriginal Headstart	-	<b>90,978</b>	<b>90,978</b>	<b>90,978</b>	-	-	-	-
Social Services	<b>2,093,423</b>	<b>(155,100)</b>	<b>1,938,323</b>	<b>1,877,296</b>	<b>61,027</b>	-	<b>61,027</b>	<b>111,544</b>
AB Gov./Summer Student Program	-	<b>1,276,445</b>	<b>1,276,445</b>	<b>1,276,395</b>	<b>50</b>	-	<b>50</b>	<b>(78,330)</b>
Traditional Land Use	-	<b>1,835,040</b>	<b>1,835,040</b>	<b>971,862</b>	<b>863,178</b>	<b>(625,224)</b>	<b>237,954</b>	<b>(232,303)</b>
	<b>16,338,622</b>	<b>9,912,225</b>	<b>26,250,847</b>	<b>22,174,354</b>	<b>4,076,493</b>	-	<b>4,076,493</b>	<b>(1,484,039)</b>

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, 2019**

	2019 Budget \$	2019 Actual \$	2018 Actual \$
<b>EXPENDITURES</b>			
Building maintenance	357,000	357,658	205,667
Contractors	4,603,715	3,743,249	1,417,519
Cultural expenses	1,240,000	1,812,729	2,723,129
Equipment	45,000	106,367	57,264
Insurance	265,000	277,855	151,709
Interest and bank charges	85,000	54,429	84,906
Materials and supplies	2,055,200	2,024,503	1,774,428
Meeting expenses	468,615	501,327	291,648
Office	990,200	971,717	56,359
Professional fees	1,338,500	1,464,551	654,260
Recreational activities	229,444	328,601	359,864
Repairs and maintenance	383,542	259,075	791,576
Special events	230,000	210,291	36,187
Telephone and utilities	420,860	411,417	438,717
Training	357,369	81,877	72,777
Travel	1,369,986	1,257,629	1,353,006
Vehicle	279,088	424,287	346,559
Wages and employee benefits	7,419,971	7,886,792	7,081,642
	<b>22,138,490</b>	<b>22,174,354</b>	<b>17,897,217</b>

# Sunchild First Nation

## Notes to the Consolidated Financial Statements

### March 31, 2019

---

#### **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:

- 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, 2019**

---

**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(c) Cash and Cash Equivalents**

Cash and cash equivalents consists of cash deposited in a Canadian financial institution.

**(d) Investments**

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

**(e) 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 (ISC) 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.

**(f) 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, 2019**

---

**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 cash, investments, accounts receivables and trust funds.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and long term 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, 2019**

---

**3. INVESTMENTS**

Investments consist of four guaranteed investment certificates. These GIC's mature between May, 2019 and, March, 2020 and earn interest annually at rates of 0.6% to 1.05%. A GIC, in the amount of \$20,000 is used as a security for a Credit Card Facility.

**4. ACCOUNTS RECEIVABLE**

	<b>2019</b> \$	<b>2018</b> \$
Government Agencies		
Indigenous Services Canada	164,787	220,264
First Nation Development fund	-	1,049
GST	3,875	-
Trade receivables	<u>1,087,988</u>	1,009,875
	<u>1,256,650</u>	1,231,188

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

	<b>2019</b> \$	<b>2018</b> \$
<b>(a) Sunchild Oil &amp; Gas Ltd. - 100% ownership</b>		
Shares	1	1
Advances from (to) the Nation	(603,252)	(603,252)
Accumulated surplus in earnings	<u>617,504</u>	604,604
	<u>14,253</u>	1,353
<b>(b) Sunchild Store (2005) Ltd. - 100% ownership</b>		
Shares	1	1
Advances from (to) the Nation	417,526	417,526
Accumulated surplus (deficit) in earnings	<u>(80,921)</u>	(80,921)
	<u>336,606</u>	336,606
<b>Total investments</b>	<b><u>350,859</u></b>	<b>337,959</b>

March 31, 2019 unaudited financial statements for Sunchild Store (2005) is as follows:

	<b>2019</b> \$	<b>2018</b> \$
Assets	331,106	331,106
Liabilities	412,026	412,026
Revenues	-	-
Net earnings (loss) for the year	<u>-</u>	<u>-</u>

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

---

**5. INVESTMENTS IN AND ADVANCES TO (FROM) WHOLLY OWNED SUBSIDIARIES AND INVESTMENTS - continued**

March 31, 2019 unaudited financial statements for Sunchild Oil & Gas Ltd. is as follows:

	<b>2019</b> \$	<b>2018</b> \$
Assets	<b>617,504</b>	604,605
Liabilities	-	-
Revenues	<b>1,005,899</b>	243,867
Net earnings for the year	<b>12,899</b>	243,862

**6. EQUITY IN TRUST FUND**

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	<b>1,523,821</b>	<b>212,125</b>	<b>1,735,946</b>
Earnings	<b>1,342,148</b>	<b>256,749</b>	<b>1,598,897</b>
	<b>2,865,969</b>	<b>468,874</b>	<b>3,334,843</b>

<b>BCR NUMBER</b>	<b>PROGRAM</b>	<b>Capital</b> \$	<b>Revenue</b> \$	<b>Total</b> \$
2314 - 2019	Public Works	-	97,500	97,500
2314 - 2019	Sundance	-	40,000	40,000
2416 - 2019	Chief and Council	320,000	-	320,000
2416 - 2019	Administration	260,000	-	260,000
2444 - 2019	Administration	-	62,500	62,500
2447 - 2019	Christmas Incentive	-	120,000	120,000
		<b>580,000</b>	<b>320,000</b>	<b>900,000</b>
Balance, end of year		<b>2,285,969</b>	<b>148,874</b>	<b>2,434,843</b>

**7. BANK INDEBTEDNESS**

Bank indebtedness represents cheques issued in excess of bank balance.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

---

**8. DEFERRED CONTRIBUTION**

	<b>2019</b> \$	<b>2018</b> \$
Band Funds - Capital		
Firehall	1,177,965	247,029
Housing	-	210,000
Community	502,318	502,318
Band Funds - Revenue		
Health - Other	45,584	34,756
Health - Research Project	-	68,852
Aboriginal Job Entry Program	204,060	-
AB Government	-	217,010
Other deferred revenue	86,009	318,796
School	512,698	464,157
School - Headstart	48,085	-
Social - Special Needs	30,177	-
Child Welfare	30,377	-
<u>First Nation Development Fund</u>	<u>-</u>	<u>39,450</u>
	<b>2,637,273</b>	<b>2,102,368</b>

**9. LONG-TERM LIABILITIES**

	<b>2019</b> \$	<b>2018</b> \$
CIBC grader loan - 8573158 bearing interest at 5.45% per annum, repayable in quarterly installments of \$33,334 plus interest, loan is secured with an equipment with the net book value of \$309,604	199,996	333,332
CIBC consolidated operating loan bearing interest at 5.45% per annum, repayable in monthly installments of \$58,333 plus interest.	350,002	-
	549,998	333,332
<u>Less: Current portion, long-term liabilities</u>	<u>483,338</u>	<u>133,336</u>
	<b>66,660</b>	<b>199,996</b>

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

	\$
2020	483,338
2021	66,660
	<b>549,998</b>

Interest paid on long-term liabilities amounted to \$28,806 (2018 - \$7,676) during the year.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

---

**10. COMMITMENTS**

Sunchild First Nation has the following credit facilities with CIBC:

- (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.
- (ii) Facility B: Revolving Line of Credit - this revolving line of credit is to be used for day to day cash flow requirements for Health Services. The credit limit is \$20,000 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: Non-Revolving Demand Instalment Loan - this non-revolving line of credit is to be used for the purchase of a grader. The rate of interest is Prime plus 1.50% per annum, and the repayment terms are quarterly payments of \$33,334 The outstanding balance at year-end was \$199,996.
- (iv) Facility D: Non-Revolving Demand Instalment Loan - this non-revolving line of credit is to be used for Debt Restructuring. The rate of interest is Prime plus 1.50% per annum, and the repayment terms are monthly payments of \$58,333 The outstanding balance at year-end was \$350,002.
- (v) Facility E: Corporate Classic Visa - this facility is to be used for purchases and payments of good and services. The cumulative credit limit is \$20,000 and the repayment terms is on demand and in accordance with their standard VISA documentation. The outstanding balance at year-end was \$0. This facility is secured by a Guaranteed Investment Certificate of \$20,000.
- (vi) Facility F: Corporate Classic Visa - this facility is to be used for purchases and payments of good and services. The cumulative credit limit is \$2,000 and the repayment terms is on demand and in accordance with their standard VISA documentation. The outstanding balance at year-end was \$0.

**11. EQUITY IN ENTERPRISE FUND**

	<b>2019</b>	<b>2018</b>
	\$	\$
Balance, beginning of year	337,957	451,735
Advances (repayments) to controlled entities	-	(357,640)
Surplus (loss) from controlled entities	12,899	243,862
<b>Balance, end of year</b>	<b>350,856</b>	<b>337,957</b>

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

---

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2019</b> \$	<b>2018</b> \$
Tangible Capital assets (Schedule 2)	<b>55,929,245</b>	52,793,090
Accumulated amortization (Schedule 2)	<b>(28,995,946)</b>	(27,336,210)
Long-term liabilities (Note 9)	<b>(199,996)</b>	(333,332)
	<b>26,733,303</b>	25,123,548

**13. ACCUMULATED SURPLUS**

	<b>2019</b> \$	<b>2018</b> \$
Unrestricted surplus	<b>(676,276)</b>	(1,483,278)
Equity in enterprise funds	<b>350,856</b>	337,957
Equity in tangible capital assets	<b>26,733,303</b>	25,123,548
Equity in trust funds	<b>2,434,843</b>	1,735,946
	<b>28,842,726</b>	25,714,173

**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, accounts receivable, trust funds, bank indebtedness, accounts payable, 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.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

---

**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.