

**Suncild First Nation  
Consolidated Financial Statements  
March 31, 2021**

# **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. 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 to ensure that the consolidated financial statements are presented fairly in all material respects.

Sunchild First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that Sunchild First Nation's assets are appropriately accounted for and adequately safeguarded.

The Sunchild First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for the financial statements. The Sunchild First Nation's Council carries out this responsibility principally through its meetings with management and the external auditors. Discussion on the internal controls over the financial reporting process, auditing matters, and financial reporting issues to satisfy that each party is discharging its responsibilities properly, and to review the financial statements, and the external auditor's report.

The financial statements have been audited by Doyle & Company Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards, on behalf of the members. Doyle & Company Chartered Professional Accountants has full and free access to Sunchild First Nation's Council.

|   |   |
|---|---|
| <i>Original Signed By</i><br>_____<br>Chief     | <i>Original Signed By</i><br>_____<br>Councilor |
| <i>Original Signed By</i><br>_____<br>Councilor | <i>Original Signed By</i><br>_____<br>Councilor |
| <i>Original Signed By</i><br>_____<br>Councilor | <i>Original Signed By</i><br>_____<br>Councilor |

Edward Cheung, 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 consolidated financial statements of Suncild First Nation (the "Nation"), which comprise the statement of financial position as at March 31, 2021, and the statements of financial activities, change in 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 consolidated financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2021, and the results of its operations 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 Nation 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 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.

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

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

#### Auditor's Responsibility for the Audit of the Consolidated 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 consolidated 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 Nation'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 Nation'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 Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated 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.

December 12, 2022  
11210 - 107 Avenue NW  
Edmonton, Alberta T5H 0Y1

*Doyle & Company*  
Chartered Professional Accountants

**Sunchild First Nation**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2021**

|   | 2021<br>\$        | 2020<br>\$        |
|---|-------------------|-------------------|
| <b>FINANCIAL ASSETS</b>                             |                   |                   |
| Cash  | 3,365,708         | 1,862,849         |
| Restricted cash (Note 3)                            | 94,421            | 512,380           |
| Investments (Note 4)                                | 730,821           | 77,955            |
| Accounts receivable (Note 5)                        | 719,520           | 1,098,763         |
| Investment in Nation controlled entities (Note 6)   | 215,196           | 842,393           |
| Trust funds - Capital (Note 7)                      | 2,551,964         | 2,905,685         |
| Trust funds - Revenue (Note 7)                      | 165,295           | 109,994           |
| Trust funds - Other (Note 8)                        | 148,788           | 549,760           |
|   | <b>7,991,713</b>  | <b>7,959,779</b>  |
| <b>LIABILITIES</b>                                  |                   |                   |
| Demand loan (Note 9)                                | 550,000           | 750,000           |
| Accounts payable and accrued liabilities            | 1,396,480         | 2,953,691         |
| Deferred contribution (Note 10)                     | 5,487,563         | 2,638,739         |
| Promissory note (Note 11)                           | 1,533,331         | -                 |
|   | <b>8,967,374</b>  | <b>6,342,430</b>  |
| <b>NET FINANCIAL ASSETS (DEBT)</b>                  | <b>(975,661)</b>  | <b>1,617,349</b>  |
| <b>NON-FINANCIAL ASSETS</b>                         |                   |                   |
| Tangible capital assets (Schedule 2)                | 38,358,817        | 34,189,440        |
| Prepaid expenses                                    | 83,250            | -                 |
|   | <b>38,442,067</b> | <b>34,189,440</b> |
| <b>ACCUMULATED SURPLUS (Schedule 1 and Note 14)</b> | <b>37,466,406</b> | <b>35,806,789</b> |

Significant event (Note 17)

**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, 2021**

|  | 2021<br>Budget<br>\$ | 2021<br>Actual<br>\$ | 2020<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>REVENUE</b>   |                      |                      |                      |
| Indigenous Services Canada (ISC)                       | 17,898,928           | 21,988,719           | 21,497,730           |
| Health Canada  | 5,354,118            | 5,354,118            | 2,344,652            |
| Indigenous Skills and Employment Training Strategy     | 196,114              | 241,399              | 241,408              |
| Trust Funds - Capital                                  | 679,260              | 2,058,968            | 1,762,344            |
| Trust Funds - Revenue                                  | -                    | -                    | 312,169              |
| First Nation Development Fund (FNDF)                   | 526,060              | 288,294              | 475,388              |
| Other revenue  | 2,065,799            | 3,599,465            | 4,375,253            |
| Deferred contributions from previous period            | 3,693,106            | 2,638,739            | 2,637,273            |
| Deferred contributions to subsequent period            | -                    | (5,487,563)          | (2,638,739)          |
|  | <b>30,413,385</b>    | <b>30,682,139</b>    | <b>31,007,478</b>    |
| <b>EXPENDITURES</b>                                    |                      |                      |                      |
| Aboriginal Job Entry Program                           | -                    | -                    | 64,336               |
| Administration   | 1,720,641            | 5,554,547            | 3,431,722            |
| Band Owned Housing Administration                      | 67,300               | 242,249              | 290,171              |
| Capital projects                                       | 6,967,250            | 902,313              | 1,551,217            |
| CED/CCP  | -                    | -                    | 200,706              |
| Chief & Council  | 982,438              | 886,746              | 864,177              |
| Child Welfare  | 469,087              | 181,020              | 180,463              |
| Daycare  | 189,117              | 289,686              | 287,768              |
| Economic Development Cap & Readiness                   | -                    | 67,563               | 194,159              |
| First Nation Development Fund                          | 526,060              | 487,577              | 544,748              |
| FRIAA  | -                    | -                    | 164,748              |
| Health Services  | 4,050,157            | 2,650,437            | 1,969,115            |
| Housing  | 484,309              | 1,040,669            | 658,427              |
| Indigenous Skills & Employment Training Program (ISET) | 189,921              | 189,022              | 241,408              |
| Public Works   | 1,302,115            | 2,222,992            | 1,858,104            |
| Public Works - Other                                   | -                    | 683                  | 8,302                |
| School - Aboriginal Headstart                          | 120,350              | 138,120              | 174,439              |
| School - Bussing                                       | -                    | -                    | -                    |
| School - Contributions                                 | 27,500               | 136,308              | 176,418              |
| School - Operations                                    | 5,902,680            | 5,730,341            | 5,891,415            |
| School - O&M and Fit Up                                | -                    | 54,996               | 25,400               |
| School - Skills Link                                   | 33,244               | 80,432               | 72,475               |
| School - Education Partnership Program (EPP)           | 438,097              | 391,274              | -                    |
| School - Covid-19                                      | 60,156               | 103,215              | -                    |
| Social Services  | 1,712,700            | 1,143,264            | 1,633,375            |
| Social Development Service Delivery Administration     | 173,515              | 261,860              | 287,221              |
| Community Wellbeing Instigative                        | -                    | 198,619              | 406,400              |
| Other Employment and Training                          | -                    | -                    | 292,500              |
| AB Government and Summer Student Program               | 480,354              | 443,369              | 379,821              |
| Traditional Land Use                                   | 917,034              | 624,225              | 1,162,138            |
| Summer Students  | 205,000              | 305,893              | 127,009              |
| Aboriginal Economic Partnership Program                | -                    | -                    | 4,116                |
| Covid-19   | -                    | 1,685,537            | -                    |
| Child and Family Services                              | 661,200              | 293,779              | -                    |
|  | <b>27,680,225</b>    | <b>26,306,736</b>    | <b>23,142,298</b>    |

The accompanying notes form part of these financial statements.

**Sunchild First Nation**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2021**

|   | <b>2021<br/>Budget<br/>\$</b> | <b>2021<br/>Actual<br/>\$</b> | <b>2020<br/>Actual<br/>\$</b> |
|---|-------------------------------|-------------------------------|-------------------------------|
| <b>Excess of Revenue over Expenditures Before Other Revenue (Expenditures)</b>        | <b>2,733,160</b>              | <b>4,375,403</b>              | <b>7,865,180</b>              |
| Amortization  | -                             | (2,099,036)                   | (1,768,143)                   |
| Net earnings in Nation controlled entities  | -                             | (318,330)                     | 286,190                       |
|   | -                             | (2,417,366)                   | (1,481,953)                   |
| <b>Excess (Shortfall) of Revenue over Expenditures before Tangible Capital Assets</b> | <b>2,733,160</b>              | <b>1,958,037</b>              | <b>6,383,227</b>              |
| Tangible capital assets   | (2,450,200)                   | (6,268,413)                   | (9,024,284)                   |
| <b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>                                | <b>282,960</b>                | <b>(4,310,376)</b>            | <b>(2,641,057)</b>            |

**Sunchild First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended March 31, 2021**

|   | <b>2021</b><br>\$  | <b>2020</b><br>\$  |
|---|--------------------|--------------------|
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>     | <b>1,958,037</b>   | <b>6,383,227</b>   |
| Acquisition of tangible capital assets          | (6,268,413)        | (9,024,284)        |
| Amortization of tangible capital assets         | 2,099,036          | 1,768,143          |
| Earnings on trust funds                         | 1,760,548          | 2,655,349          |
| Withdrawals of trust funds                      | (2,058,968)        | (2,074,513)        |
| Use (acquisition) of prepaid assets             | (83,250)           | 350                |
|   | <b>(4,551,047)</b> | <b>(6,674,955)</b> |
| <b>DECREASE IN NET ASSETS</b>                   | <b>(2,593,010)</b> | <b>(291,728)</b>   |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>  | <b>1,617,349</b>   | <b>1,909,077</b>   |
| <b>NET FINANCIAL (DEBT) ASSETS, END OF YEAR</b> | <b>(975,661)</b>   | <b>1,617,349</b>   |

**Sunchild First Nation**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2021**

|  | <b>2021</b><br>\$  | <b>2020</b><br>\$ |
|--|--------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>          |                    |                   |
| Cash received from funding agencies and other income | 34,609,598         | 30,617,771        |
| Cash paid to suppliers and employees                 | (28,563,947)       | (20,980,515)      |
|  | <b>6,045,651</b>   | 9,637,256         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>          |                    |                   |
| Increase in demand loan                              | -                  | 800,000           |
| Repayment of demand loan                             | (200,000)          | (50,000)          |
| Increase in promissory note                          | 1,533,331          | -                 |
| Long-term liabilities repaid                         | -                  | (549,998)         |
|  | <b>1,333,331</b>   | 200,002           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>          |                    |                   |
| Increase in tangible capital asset                   | (6,268,413)        | (9,024,284)       |
| (Increase) decrease in advances to subsidiaries      | 627,197            | (205,344)         |
| (Increase) decrease in investments                   | (652,866)          | 347,756           |
|  | <b>(6,294,082)</b> | (8,881,872)       |
| <b>INCREASE IN CASH DURING THE YEAR</b>              | <b>1,084,900</b>   | 955,386           |
| <b>CASH - Beginning of year</b>                      | <b>2,375,229</b>   | 1,419,843         |
| <b>CASH - End of year</b>                            | <b>3,460,129</b>   | 2,375,229         |
| <b>Cash Consists of:</b>                             |                    |                   |
| Cash   | 3,365,708          | 1,862,849         |
| Restricted cash (Note 3)                             | 94,421             | 512,380           |
|  | <b>3,460,129</b>   | 2,375,229         |

**Sunchild First Nation**  
**Consolidated Statement of Changes in Accumulated Surplus - Schedule 1**  
**For the year ended March 31, 2021**

|  | Unrestricted<br>Surplus<br>\$ | Equity in<br>Enterprise<br>\$ | Equity in Tangible<br>Capital Assets<br>\$ | Equity in<br>Trust Funds<br>\$ | 2021<br>\$        | 2020<br>\$        |
|--|-------------------------------|-------------------------------|--|--------------------------------|-------------------|-------------------|
| <b>Balance, Beginning of Year</b>                    | <b>(2,240,722)</b>            | <b>842,392</b>                | <b>34,189,440</b>                          | <b>3,015,679</b>               | <b>35,806,789</b> | <b>28,842,726</b> |
| Excess (Deficiency) of revenue over expenses         | 1,958,037                     | -                             | -  | 1,760,548                      | 3,718,585         | 9,038,576         |
| Restricted funds used for operations                 | -                             | -                             | -  | (2,058,968)                    | (2,058,968)       | (2,074,513)       |
| Current year change in subsidiaries (Note 12)        | 627,199                       | (627,199)                     | -  | -                              | -                 | -                 |
| Current years funds used for tangible capital assets | (6,268,413)                   | -                             | 6,268,413                                  | -                              | -                 | -                 |
| Annual amortization expense                          | 2,099,036                     | -                             | (2,099,036)                                | -                              | -                 | -                 |
| Change in accumulated surplus                        | (1,584,141)                   | (627,199)                     | 4,169,377                                  | (298,420)                      | 1,659,617         | 6,964,063         |
| <b>Balance, End of Year</b>                          | <b>(3,824,863)</b>            | <b>215,193</b>                | <b>38,358,817</b>                          | <b>2,717,259</b>               | <b>37,466,406</b> | <b>35,806,789</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, 2021**

|   | Automotive       | Buildings & Housing | Furniture and Equipment | Infrastructure    | 2021              | 2020              |
|---|------------------|---------------------|-------------------------|-------------------|-------------------|-------------------|
|   | \$               | \$                  | \$                      | \$                | \$                | \$                |
| <b>COST:</b>  |                  |                     |                         |                   |                   |                   |
| Balance, Beginning of Year                            | 4,506,062        | 42,693,369          | 993,860                 | 16,760,238        | 64,953,529        | 55,929,245        |
| Acquisition of tangible capital assets                | 555,344          | 2,283,563           | 690,308                 | 2,739,198         | 6,268,413         | 9,024,284         |
| Balance, End of Year                                  | <b>5,061,406</b> | <b>44,976,932</b>   | <b>1,684,168</b>        | <b>19,499,436</b> | <b>71,221,942</b> | <b>64,953,529</b> |
| <b>ACCUMULATED AMORTIZATION:</b>                      |                  |                     |                         |                   |                   |                   |
| Balance, Beginning of Year                            | 3,993,332        | 24,612,602          | 942,283                 | 1,215,872         | 30,764,089        | 28,995,946        |
| Annual amortization                                   | 270,121          | 1,143,249           | 87,671                  | 597,995           | 2,099,036         | 1,768,143         |
| Balance, End of Year                                  | <b>4,263,453</b> | <b>25,755,851</b>   | <b>1,029,954</b>        | <b>1,813,867</b>  | <b>32,863,125</b> | <b>30,764,089</b> |
| <b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>      |                  |                     |                         |                   |                   |                   |
|   | <b>797,953</b>   | <b>19,221,081</b>   | <b>654,214</b>          | <b>17,685,569</b> | <b>38,358,817</b> | <b>34,189,440</b> |
| <b>2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b> |                  |                     |                         |                   |                   |                   |
|   | 512,730          | 18,080,767          | 51,577                  | 15,544,366        | 34,189,440        |                   |

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, 2021**

|                                   | ISC<br>Revenue | Other<br>Revenue | Total<br>Revenue | 2021                  |                      |  | Surplus<br>(Deficit)<br>After Other | 2020<br>Surplus<br>(Deficit) |
|-----------------------------------|----------------|------------------|------------------|-----------------------|----------------------|--|-------------------------------------|------------------------------|
|                                   |                |                  |                  | Total<br>Expenditures | Surplus<br>(Deficit) | Other:<br>Capital Purchases<br>Transfers<br>Income of Entities |                                     |                              |
|                                   |                |                  |                  | \$                    | \$                   | \$   |                                     |                              |
| Aboriginal Job Entry Program      | -              | -                | -                | -                     | -                    | -  | -                                   | -                            |
| Administration                    | 1,817,023      | 2,120,879        | 3,937,902        | 5,554,547             | (1,616,645)          | -  | (1,616,645)                         | (881,782)                    |
| Band owned housing administration | 2,249          | 240,000          | 242,249          | 242,249               | -                    | -  | -                                   | (127,242)                    |
| Capital Projects                  | 5,892,242      | (1,885,465)      | 4,006,777        | 902,313               | 3,104,464            | (3,104,464)  | -                                   | -                            |
| CED/CCP                           | -              | -                | -                | -                     | -                    | -  | -                                   | -                            |
| Chief & Council                   | -              | 699,040          | 699,040          | 886,746               | (187,706)            | -  | (187,706)                           | (388,177)                    |
| Child Welfare                     | -              | 181,444          | 181,444          | 181,020               | 424                  | -  | 424                                 | (21,125)                     |
| Daycare                           | 36,555         | 200,754          | 237,309          | 289,686               | (52,377)             | 52,377   | -                                   | (43,695)                     |
| Economic Development              |                |                  |                  |                       |                      |  |                                     |                              |
| & Cap Readiness                   | 67,563         | -                | 67,563           | 67,563                | -                    | (318,330)  | (318,330)                           | 286,190                      |
| First Nation Development Fund     | -              | 288,454          | 288,454          | 487,577               | (199,123)            | -  | (199,123)                           | (102,386)                    |
| FRIAIA                            | -              | -                | -                | -                     | -                    | -  | -                                   | -                            |
| Health                            | -              | 3,963,448        | 3,963,448        | 2,650,437             | 1,313,011            | (1,313,011)  | -                                   | (235,266)                    |
| Housing                           | 968,700        | -                | 968,700          | 1,040,669             | (71,969)             | (1,089,300)  | (1,161,269)                         | (168,450)                    |
| Indigenous Skills and Employment  |                |                  |                  |                       |                      |  |                                     |                              |
| Training Program (ISET)           | -              | 241,399          | 241,399          | 189,022               | 52,377               | (52,377)   | -                                   | -                            |
| Public Works                      | 1,194,006      | 775,850          | 1,969,856        | 2,222,992             | (253,136)            | 253,136  | -                                   | -                            |
| Public Works - Other              | -              | 1,401,172        | 1,401,172        | 683                   | 1,400,489            | (253,136)  | 1,147,353                           | -                            |
| School - Aboriginal Headstart     | -              | (50,344)         | (50,344)         | 138,120               | (188,464)            | 188,464  | -                                   | -                            |
| School - Bussing                  | -              | 73,744           | 73,744           | -                     | 73,744               | (73,744)   | -                                   | -                            |
| School - Contribution             | -              | 103,692          | 103,692          | 136,308               | (32,616)             | -  | (32,616)                            | 321,890                      |
| School - Operation                | 6,117,195      | 325,364          | 6,442,559        | 5,730,341             | 712,218              | (653,358)  | 58,860                              | 142,316                      |
| School - O & M and Fit Up         | 54,996         | -                | 54,996           | 54,996                | -                    | -  | -                                   | -                            |

The accompanying notes form part of these financial statements.

**Sunchild First Nation**  
**Consolidated Statement of Financial Activities by Program - Schedule 3 Continued**  
**For the year ended March 31, 2021**

|  | 2021           |                  |                  |                       |                      |  |                                     | 2020                 |
|--|----------------|------------------|------------------|-----------------------|----------------------|--|-------------------------------------|----------------------|
|  | ISC<br>Revenue | Other<br>Revenue | Total<br>Revenue | Total<br>Expenditures | Surplus<br>(Deficit) | Other:<br>Capital Purchases<br>Transfers<br>Income of Entities | Surplus<br>(Deficit)<br>After Other | Surplus<br>(Deficit) |
|  | \$             | \$               | \$               | \$                    | \$                   | \$   | \$                                  | \$                   |
| School - Skills Link                         | 80,432         | -                | 80,432           | 80,432                | -                    | -  | -                                   | -                    |
| School - Education Partnership Program (EPP) | 438,097        | (46,823)         | 391,274          | 391,274               | -                    | -  | -                                   | -                    |
| School - Covid-19                            | 335,636        | (9,421)          | 326,215          | 103,215               | 223,000              | (223,000)  | -                                   | -                    |
| Social Services                              | 1,949,416      | (806,152)        | 1,143,264        | 1,143,264             | -                    | -  | -                                   | -                    |
| Social Development Service                   |                |                  |                  |                       |                      |  |                                     |                      |
| Delivery Administration                      | 351,685        | (89,825)         | 261,860          | 261,860               | -                    | -  | -                                   | -                    |
| Community Wellbeing Initiatives              | 306,208        | (107,589)        | 198,619          | 198,619               | -                    | -  | -                                   | -                    |
| Other Employment and Training                |                |                  |                  |                       |                      |  |                                     |                      |
| Funding Heavy Equipment                      | -              | 135              | 135              | -                     | 135                  | -  | 135                                 | -                    |
| AB Gov./Summer Student Program               | -              | 443,369          | 443,369          | 443,369               | -                    | -  | -                                   | -                    |
| Traditional Land Use                         | -              | 997,716          | 997,716          | 624,225               | 373,491              | -  | 373,491                             | 326,160              |
| Summer Student                               | 29,979         | -                | 29,979           | 305,893               | (275,914)            | -  | (275,914)                           | 769                  |
| Aboriginal Economic Partnership              | -              | -                | -                | -                     | -                    | -  | -                                   | 17,884               |
| Covid-19                                     | 1,685,537      | -                | 1,685,537        | 1,685,537             | -                    | -  | -                                   | -                    |
| Child and Family Services                    | 661,200        | (367,421)        | 293,779          | 293,779               | -                    | -  | -                                   | -                    |
|  | 21,988,719     | 8,693,420        | 30,682,139       | 26,306,736            | 4,375,403            | (6,586,743)  | (2,211,340)                         | (872,914)            |

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, 2021**

|                             | 2021<br>Budget<br>\$ | 2021<br>Actual<br>\$ | 2020<br>Actual<br>\$ |
|-----------------------------|----------------------|----------------------|----------------------|
| <b>EXPENDITURES</b>         |                      |                      |                      |
| Administrative expenses     | 1,215,936            | 978,073              | 418,721              |
| Building maintenance        | -                    | 416,455              | 219,038              |
| Bad debt                    | -                    | 333,464              | 480,049              |
| Contractors                 | 8,363,486            | 4,063,582            | 4,459,655            |
| Cultural expenses           | 408,000              | 1,289,508            | 1,706,704            |
| Equipment                   | -                    | 194,896              | 7,167                |
| Insurance                   | 201,000              | 211,951              | 173,947              |
| Interest and bank charges   | 30,500               | 70,668               | 52,611               |
| Materials and supplies      | 4,257,124            | 4,150,444            | 3,190,104            |
| Meeting expenses            | 323,500              | 544,578              | 858,697              |
| Office                      | 134,700              | 144,198              | 44,778               |
| Professional fees           | 323,000              | 2,720,737            | 731,891              |
| Recreational activities     | 140,000              | 11,457               | 27,868               |
| Repairs and maintenance     | 90,120               | 436,763              | 464,451              |
| Special events              | -                    | 25,939               | 30,500               |
| Telephone and utilities     | 384,555              | 575,214              | 596,032              |
| Training                    | 695,142              | 31,554               | 78,802               |
| Travel                      | 1,285,375            | 902,131              | 1,084,719            |
| Vehicle                     | 84,725               | 217,735              | 290,201              |
| Wages and employee benefits | 9,743,062            | 8,987,389            | 8,226,363            |
|                             | <b>27,680,225</b>    | <b>26,306,736</b>    | <b>23,142,298</b>    |

# Sunchild First Nation

## Notes to the Consolidated Financial Statements

### March 31, 2021

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#### **NATURE OF OPERATIONS**

Sunchild First Nation (the "Nation") provides local government services to its members and was established under the Indian Act (Canada).

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements of Sunchild First Nation are the representations of management, prepared in accordance with Canadian Public Sector Accounting Standards and include the following significant accounting policies:

##### **(a) Reporting Entity and Principles of Consolidation**

The consolidated financial statements consolidate the financial activities of all entities and departments comprising Sunchild First Nation (the "Nation"), except for the Nation business entities.

Business accounted for by the modified equity basis include:

- (i) Sunchild Construction GP Ltd.
- (ii) Sunchild Gravel GP Ltd.
- (iii) Sunchild Store (2005) Ltd.
- (iv) Sunchild Oil & Gas Ltd.
- (v) Sunchild Utilities Limited Partnership

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

The Nation's business entity, which is owned or controlled by the Nation but not dependent on the Nation for their continuing operations, are included in the First Nation's consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities are recorded at acquisition cost and are increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distribution received.

##### **(b) Basis of Presentation**

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

##### **(c) Asset Classification**

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenditures.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(d) Net Financial Assets**

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less liabilities.

**(e) Revenue Recognition**

i) Funding

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

ii) Government transfers

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

iii) Industry and other revenues

Industry and other revenues are recognized when prices are agreed upon, all significant contractual obligations have been satisfied, and collectibility is reasonably assured.

**(f) Cash**

Cash consist of cash in bank accounts and temporary investments with maturities of three months or less.

**(g) Investments**

Investments in guaranteed investment certificate with a maturity date of twelve months from date of acquisition are recorded at cost and are classified as a current investment.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(h) 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 of the tangible capital assets are amortized on a declining balance method over the estimated useful life of the assets 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.

**i) 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.

**(i) Trust Funds - Capital and Revenue**

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.

- i) Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation capital assets, and**
- ii) Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.**

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).

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**1. SIGNIFICANT ACCOUNTING POLICIES - continued**

**(j) Financial Instruments**

**(i) Measurement of financial instruments**

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

The 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, trust funds - capital, trust funds - revenue, and trust funds - other.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities and long term liabilities.

**(ii) Impairment**

Financial assets measured at cost or amortized cost are tested for impairment, at the end of each year, to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed the original cost. The amount of the reversal is recognized in operations.

**2. MEASUREMENT UNCERTAINTY**

The preparation of financial statements in conformity with Canadian Accounting Standards for Public Sector Accounting Board 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 year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**3. RESTRICTED CASH**

|  | <b>2021</b>   | <b>2020</b>    |
|--|---------------|----------------|
|  | \$            | \$             |
| First Nation Development Fund (FNDF)                     | 121           | 92,922         |
| Innovation in First Nations Education (IFNE) Grant Funds | 51,841        | 239,818        |
| Indigenous Languages in Education (ILE) Grant Funds      | 42,459        | 179,640        |
|  | <b>94,421</b> | <b>512,380</b> |

The FNDF funds can only be spent on approved expenditures by the Government of Alberta Indigenous Relations branch.

The IFNE grant funds can only be spent on approved expenditures to help develop education programs to support First Nations students.

The ILE grant funds can only be spent on approved expenditures to facilitate support for Early Childhood Education and K-12 Indigenous language and culture programs on teachers/instructor development and resource development.

**4. INVESTMENTS**

Investments consist of three guaranteed investment certificates. These GIC's mature between May, 2021 and, January, 2022 and earn interest annually at rates of 0.2% to 1.25%.

**5. ACCOUNTS RECEIVABLE**

|                                       | <b>2021</b>      | <b>2020</b>      |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| Government Agencies                   |                  |                  |
| Indigenous Services Canada (ISC)      | 204,217          | 416,100          |
| Health and Welfare Canada             | 9,050            | -                |
| Member and other receivables          | 25,193           | 36,343           |
| Trade receivables                     | 1,294,573        | 1,126,369        |
|                                       | <b>1,533,033</b> | <b>1,578,812</b> |
| Less: Allowance for doubtful accounts | <b>(813,513)</b> | <b>(480,049)</b> |
|                                       | <b>719,520</b>   | <b>1,098,763</b> |

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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

|  | <b>2021</b>     | <b>2020</b>    |
|--|-----------------|----------------|
|  | \$              | \$             |
| <b>(a) Sunchild Construction GP Ltd. - 100% ownership</b>            |                 |                |
| Shares   | 1               | 1              |
| Advances from (to) the Nation  | 169,388         | 28,853         |
| Accumulated surplus (deficit) in earnings                            | 22,374          | 128,677        |
|  | <b>191,763</b>  | <b>157,531</b> |
| <b>(b) Sunchild Gravel Ltd. - 100% ownership</b>                     |                 |                |
| Shares   | 1               | 1              |
| Advances from (to) the Nation  | 43,458          | 174,292        |
| Accumulated surplus (deficit) in earnings                            | (70,540)        | (90,331)       |
|  | <b>(27,081)</b> | <b>83,962</b>  |
| <b>(c) Sunchild Oil &amp; Gas Ltd. - 100% ownership</b>              |                 |                |
| Shares   | 1               | 1              |
| Advances from (to) the Nation  | (603,252)       | (603,252)      |
| Accumulated surplus in earnings                                      | 697,920         | 736,834        |
|  | <b>94,669</b>   | <b>133,583</b> |
| <b>(d) Sunchild Utilities Limited Partnership - 99.99% ownership</b> |                 |                |
| Shares   | 1               | 1              |
| Advances from (to) the Nation  | (316,371)       | 2,199          |
| Accumulated surplus (deficit) in earnings                            | 272,215         | 465,117        |
|  | <b>(44,155)</b> | <b>467,317</b> |
| Total investments  | <b>215,196</b>  | <b>842,393</b> |

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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

March 31, 2021 unaudited financial statements for Sunchild Construction GP Ltd. is as follows:

|                                  | <b>2021</b>      | <b>2020</b> |
|----------------------------------|------------------|-------------|
|                                  | \$               | \$          |
| Assets                           | <b>219,538</b>   | 232,687     |
| Liabilities                      | <b>197,065</b>   | 103,910     |
| Revenues                         | <b>214,224</b>   | 370,367     |
| Net earnings (loss) for the year | <b>(106,304)</b> | 128,677     |

March 31, 2021 unaudited financial statements for Sunchild Gravel Ltd. is as follows:

|                                  | <b>2021</b>    | <b>2020</b> |
|----------------------------------|----------------|-------------|
|                                  | \$             | \$          |
| Assets                           | <b>27,368</b>  | 180,489     |
| Liabilities                      | <b>97,807</b>  | 270,720     |
| Revenues                         | <b>135,001</b> | 331,246     |
| Net earnings (loss) for the year | <b>19,792</b>  | (90,331)    |

March 31, 2021 unaudited financial statements for Sunchild Oil & Gas Ltd. is as follows:

|                                  | <b>2021</b>     | <b>2020</b> |
|----------------------------------|-----------------|-------------|
|                                  | \$              | \$          |
| Assets                           | <b>697,920</b>  | 736,835     |
| Revenues                         | <b>396,975</b>  | 444,331     |
| Net earnings (loss) for the year | <b>(38,915)</b> | 119,331     |

March 31, 2021 unaudited financial statements for Sunchild Utilities Limited Partnership is as follows:

|                                  | <b>2021</b>      | <b>2020</b> |
|----------------------------------|------------------|-------------|
|                                  | \$               | \$          |
| Assets                           | <b>668,885</b>   | 556,160     |
| Liabilities                      | <b>396,568</b>   | 90,939      |
| Revenues                         | <b>231,098</b>   | 576,952     |
| Net earnings (loss) for the year | <b>(192,903)</b> | 465,121     |

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**7. EQUITY IN TRUST FUND**

|                            | Capital<br>\$    | Revenue<br>\$  | Total<br>\$      |
|----------------------------|------------------|----------------|------------------|
| Balance, beginning of year | 2,905,685        | 109,994        | 3,015,679        |
| Earnings                   | 1,546,177        | 214,371        | 1,760,548        |
|                            | <b>4,451,862</b> | <b>324,365</b> | <b>4,776,227</b> |

| BCR<br>NUMBER        | PROGRAM                            | Capital<br>\$    | Revenue<br>\$  | Total<br>\$      |
|----------------------|------------------------------------|------------------|----------------|------------------|
| 2521 - 2021          | Chief and Council                  | 699,040          | -              | 699,040          |
| 2521 - 2021          | Public Works                       | 594,000          | -              | 594,000          |
| 2521 - 2021          | Housing - Renovations              | 150,000          | -              | 150,000          |
| 2521 - 2021          | Summer Students/Culture            | 120,000          | -              | 120,000          |
| 2526 - 2021          | 2018 Case Loader Backhoe           | 130,000          | -              | 130,000          |
| 2526 - 2021          | AGI Renegade Post Pounder          | 15,000           | -              | 15,000           |
| 2526 - 2021          | Lot/site Clean up House            | 90,000           | -              | 90,000           |
| 2526 - 2021          | Funeral Related Expenses           | 101,858          | -              | 101,858          |
| 2534 - 2021          | Administration Staff -             |                  |                |                  |
|                      | Christmas Incentives               | -                | 64,000         | 64,000           |
| 2534 - 2021          | Health Staff -                     |                  |                |                  |
|                      | Christmas Incentives               | -                | 10,000         | 10,000           |
| 2534 - 2021          | Elders                             |                  |                |                  |
|                      | Christmas Incentives               | -                | 30,000         | 30,000           |
| 2534 - 2021          | Students (Post-Secondary) -        |                  |                |                  |
|                      | Christmas Incentives               | -                | 20,000         | 20,000           |
| 2539 - 2021          | 2021 C&C Election-related Expenses | -                | 35,070         | 35,070           |
|                      |                                    | <b>1,899,898</b> | <b>159,070</b> | <b>2,058,968</b> |
| Balance, end of year |                                    | <b>2,551,964</b> | <b>165,295</b> | <b>2,717,259</b> |

**8. TRUST FUNDS - OTHER**

These funds are held in trust with a law firm for the litigation of the Agricultural Benefits and Treaty Land Entitlement claims.

**9. DEMAND LOAN**

Sunchild First Nation entered into the following credit facility with the Royal Bank of Canada October 2019:

(i) Facility 1

\$1,250,000 revolving term facility available by way of a series of term loans. The Nation requested a drawdown of \$800,000 in October 2019 to pay out loans and to finance working capital and legal expenses. The rate of interest is Royal Bank's Prime plus 2.00% per annum, and the repayment terms is on demand.

Monthly payments started in January 2020 with \$16,667 as the principal portion of each payment plus the calculated interest for the month. The interest paid during the year was \$29,592 (2020 - \$11,568).

This loan is secured by a general security agreement with the Royal Bank of Canada.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**10. DEFERRED CONTRIBUTION**

|   | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Nation</b>   |                  |                  |
| <b>Capital Projects</b>                                   |                  |                  |
| Remed-CSMWG Steps 7-9 (Q3N9-001 & Q3NK-001)               | 562,405          | -                |
| Wastewater (Q35T-001)                                     | 1,258,319        | -                |
| Energy systems (Q3CC-001)                                 | 66,894           | -                |
| Flood mitigation (Q3HP-001)                               | 73,624           | -                |
| <b>Daycare</b>  |                  |                  |
| Yellowhead Tribal Development Foundation                  | 138,305          | -                |
| <b>Public Works - Other</b>                               | -                | 1,401,172        |
| <b>Social Services</b>                                    |                  |                  |
| Basic needs (Q29W-001, 002 & 003)                         | 947,551          | 202,706          |
| Social assistance employment & training (Q2AO-001)        | 61,305           | -                |
| Social Development Service Delivery Administration        |                  |                  |
| Service Delivery (Q2AF-001 & 002)                         | 89,825           | -                |
| Community Wellbeing initiatives NPCV                      |                  |                  |
| Community Based Initiative (Q2BW-001)                     | 108,450          | -                |
| Child and Family Services                                 |                  |                  |
| Capacity building (Q2HD-001)                              | 367,421          | -                |
| <b>Health</b>   |                  |                  |
| Building Healthy Communities (BHC) (Q01T-001)             | 8,341            | -                |
| Occupational Therapy                                      | 253,475          | 262,561          |
| Mental Wellness Program (Q21G-007, 008, 009 & 010)        | 431,528          | -                |
| CDE Planning & Response (Q23X-003, 006, 007 & 008)        | 932,770          | -                |
| Covid-19 Health Facility (Q3RA-001)                       | 36,167           | -                |
| <b>School</b>   |                  |                  |
| Operations  | -                | 210,592          |
| Headstart   | 83,774           | 33,430           |
| Transportation  | -                | 73,744           |
| Education Partnership Program (EPP) (Q274-001)            | 46,823           | -                |
| Covid-19 Safe Re-ele/sec (Q2JB-001)                       | 9,421            | -                |
| Alberta Government: First Nations Education Grant Program | 11,165           | 454,534          |
|   | <b>5,487,563</b> | <b>2,638,739</b> |

**11. PROMISSORY NOTE**

The promissory note is due to the Minister of Crown-Indigenous Relations for the negotiation of the Agricultural Benefits and Treaty Land Entitlement claims. The promissory note is repayable on the date on which the claims are settled and is interest free unless the Nation defaults or the loan reaches maturity.

**Sunchild First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2021**

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**12. EQUITY IN ENTERPRISE FUND**

|                                     | <b>2021</b><br>\$ | <b>2020</b><br>\$ |
|-------------------------------------|-------------------|-------------------|
| Balance, beginning of year          | 842,392           | 350,856           |
| Advances                            | (308,869)         | 205,343           |
| Current earnings (loss) by entities | (318,330)         | 622,798           |
| Write-off                           | -                 | (336,605)         |
| <b>Balance, end of year</b>         | <b>215,193</b>    | 842,392           |

**13. EQUITY IN TANGIBLE CAPITAL ASSETS**

|                                       | <b>2021</b><br>\$ | <b>2020</b><br>\$ |
|---------------------------------------|-------------------|-------------------|
| Tangible Capital assets (Schedule 2)  | 71,221,942        | 64,953,529        |
| Accumulated amortization (Schedule 2) | (32,863,125)      | (30,764,089)      |
|                                       | <b>38,358,817</b> | 34,189,440        |

**14. ACCUMULATED SURPLUS**

|                                   | <b>2021</b><br>\$ | <b>2020</b><br>\$ |
|-----------------------------------|-------------------|-------------------|
| Unrestricted surplus              | (3,824,863)       | (2,240,722)       |
| Equity in enterprise funds        | 215,193           | 842,392           |
| Equity in tangible capital assets | 38,358,817        | 34,189,440        |
| Equity in trust funds             | 2,717,259         | 3,015,679         |
|                                   | <b>37,466,406</b> | 35,806,789        |

**15. 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.

# Sunchild First Nation

## Notes to the Consolidated Financial Statements

### March 31, 2021

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#### **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.

##### **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. SIGNIFICANT EVENT**

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus) which was declared a pandemic by the World Health Organization. This has an impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as the Alberta Health Services regarding travel, isolation/quarantine orders, closure of municipal facilities, cancellation or postponement of programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of facility closures, program and service disruptions, and isolation/quarantine measures that are currently or maybe put in place by Canada and other countries to fight the virus.

The Nation is closely monitoring the recommendations from all levels of government and health authorities and implementing the required health measures to keep and maintain a safe and healthy environment for the employees in the work place and the community as a whole.

#### **18. BUDGET FIGURES**

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

#### **19. COMPARATIVE FIGURES**

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