

Sunchild 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> _____ 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

Edward Cheung, CPA, CA*
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INDEPENDENT AUDITOR'S REPORT

To the Chief and Council

Opinion

We have audited the consolidated financial statements of Sunchild 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

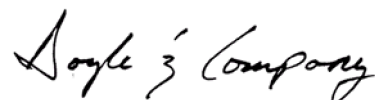
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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



Chartered Professional Accountants

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

	2021 \$	2020 \$
FINANCIAL ASSETS		
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
	7,991,713	7,959,779
LIABILITIES		
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	-
	8,967,374	6,342,430
NET FINANCIAL ASSETS (DEBT)	(975,661)	1,617,349
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	38,358,817	34,189,440
Prepaid expenses	83,250	-
	38,442,067	34,189,440
ACCUMULATED SURPLUS (Schedule 1 and Note 14)	37,466,406	35,806,789

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

The accompanying notes form part of these financial statements.

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

	2021 Budget \$	2021 Actual \$	2020 Actual \$
REVENUE			
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)
	30,413,385	30,682,139	31,007,478
EXPENDITURES			
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	-
	27,680,225	26,306,736	23,142,298

The accompanying notes form part of these financial statements.

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

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

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, 2021

	2021 \$	2020 \$
EXCESS OF REVENUES OVER EXPENDITURES	1,958,037	6,383,227
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
	(4,551,047)	(6,674,955)
DECREASE IN NET ASSETS	(2,593,010)	(291,728)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,617,349	1,909,077
NET FINANCIAL (DEBT) ASSETS, END OF YEAR	(975,661)	1,617,349

The accompanying notes form part of these financial statements.

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

	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
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)
	6,045,651	9,637,256
CASH FLOWS FROM FINANCING ACTIVITIES		
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)
	1,333,331	200,002
CASH FLOWS FROM INVESTING ACTIVITIES		
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
	(6,294,082)	(8,881,872)
INCREASE IN CASH DURING THE YEAR	1,084,900	955,386
CASH - Beginning of year	2,375,229	1,419,843
CASH - End of year	3,460,129	2,375,229
Cash Consists of:		
Cash	3,365,708	1,862,849
Restricted cash (Note 3)	94,421	512,380
	3,460,129	2,375,229

The accompanying notes form part of these financial statements.

Sunchild First Nation

Consolidated Statement of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2021

	Unrestricted Surplus \$	Equity in Enterprise \$	Equity in Tangible Capital Assets \$	Equity in Trust Funds \$	2021 \$	2020 \$
Balance, Beginning of Year	(2,240,722)	842,392	34,189,440	3,015,679	35,806,789	28,842,726
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
Balance, End of Year	(3,824,863)	215,193	38,358,817	2,717,259	37,466,406	35,806,789

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
	\$	\$	\$	\$	\$	\$
COST:						
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	5,061,406	44,976,932	1,684,168	19,499,436	71,221,942	64,953,529
ACCUMULATED AMORTIZATION:						
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	4,263,453	25,755,851	1,029,954	1,813,867	32,863,125	30,764,089
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	797,953	19,221,081	654,214	17,685,569	38,358,817	34,189,440
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	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

	2021						2020	
	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit)	Other: Capital Purchases Transfers Income of Entities	Surplus (Deficit) After Other	Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$
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)
FRIAA	-	-	-	-	-	-	-	-
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 Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit)	Other: Capital Purchases Transfers Income of Entities	Surplus (Deficit) After Other	Surplus (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 Budget \$	2021 Actual \$	2020 Actual \$
EXPENDITURES			
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
	27,680,225	26,306,736	23,142,298

The accompanying notes form part of these financial statements.

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

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

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

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

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

3. RESTRICTED CASH

	2021 \$	2020 \$
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
	94,421	512,380

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

	2021 \$	2020 \$
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
	1,533,033	1,578,812
Less: Allowance for doubtful accounts	(813,513)	(480,049)
	719,520	1,098,763

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

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

Sunchild First Nation
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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:

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

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

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

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

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

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

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

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

7. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$	
Balance, beginning of year	2,905,685	109,994	3,015,679	
Earnings	1,546,177	214,371	1,760,548	
	4,451,862	324,365	4,776,227	
BCR				
NUMBER	PROGRAM			
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
		1,899,898	159,070	2,058,968
Balance, end of year	2,551,964	165,295	2,717,259	

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

10. DEFERRED CONTRIBUTION

	2021 \$	2020 \$
Nation		
Capital Projects		
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	-
Daycare		
Yellowhead Tribal Development Foundation	138,305	-
Public Works - Other	-	1,401,172
Social Services		
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	-
Health		
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	-
School		
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
	5,487,563	2,638,739

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.

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Notes to the Consolidated Financial Statements
March 31, 2021

12. EQUITY IN ENTERPRISE FUND

	2021	2020
	\$	\$
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)
Balance, end of year	215,193	842,392

13. EQUITY IN TANGIBLE CAPITAL ASSETS

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

14. ACCUMULATED SURPLUS

	2021	2020
	\$	\$
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
	37,466,406	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

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.