

**Sunchild First Nation
Consolidated Financial Statements
March 31, 2022**

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.

Original Signed By: _____ Chief

Original Signed By: _____ 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, 2022, 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, 2022, 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 18, 2023
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, 2022

	2022 \$	2021 \$
FINANCIAL ASSETS		
Cash	7,239,825	3,365,708
Restricted cash (Note 3)	25	94,421
Investments (Note 4)	974,710	730,821
Accounts receivable (Note 5)	1,160,466	719,520
Investment in Nation controlled entities (Note 6)	1,744,389	215,196
Trust funds - Capital (Note 7)	1,922,016	2,551,964
Trust funds - Revenue (Note 7)	267,005	165,295
Trust funds - Other (Note 8)	452,665	148,788
	13,761,101	7,991,713
LIABILITIES		
Demand loan (Note 9)	350,000	550,000
Accounts payable and accrued liabilities	2,810,229	1,396,480
Deferred contribution (Note 10)	8,526,256	5,487,563
Promissory note (Note 11)	2,284,032	1,533,331
Long-term debt (Note 12)	625,812	-
	14,596,329	8,967,374
NET FINANCIAL ASSETS (DEBT)	(835,228)	(975,661)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	44,657,221	38,358,817
Prepaid expenses	-	83,250
	44,657,221	38,442,067
ACCUMULATED SURPLUS (Schedule 1 and Note 15)	43,821,993	37,466,406

Approved by:

Original Signed By: _____ Chief

Original Signed By: _____ Councilor

Sunchild First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
REVENUE			
Indigenous Services Canada (ISC)	19,851,019	27,271,086	21,988,719
Health Canada	4,977,944	4,986,994	5,354,118
Indigenous Skills and Employment Training Strategy	196,114	223,396	241,399
Trust Funds - Capital	1,584,557	2,099,061	2,058,968
First Nation Development Fund (FNDF)	526,060	479,022	288,294
Other revenue	841,279	6,833,723	3,599,465
Deferred contributions from previous period	-	5,487,563	2,638,739
Deferred contributions to subsequent period	-	(8,526,256)	(5,487,563)
	27,976,973	38,854,589	30,682,139
EXPENDITURES			
Administration	2,168,109	3,304,099	5,554,547
Band Owned Housing Administration	229,000	219,064	242,249
Capital projects	3,374,346	2,485,927	902,313
Chief & Council	985,598	854,875	886,746
Child Welfare	190,140	175,202	181,020
Daycare	245,806	266,004	289,686
Economic Development Cap & Readiness	67,563	89,010	67,563
First Nation Development Fund	627,919	595,701	487,577
Health Services	4,257,927	4,577,707	2,650,437
Housing	495,000	1,173,049	1,040,669
Indigenous Skills & Employment Training Program (ISET)	264,968	229,463	189,022
Public Works	2,725,175	2,492,875	2,222,992
Public Works - Other	-	21,600	683
School - Aboriginal Headstart	275,000	132,956	138,120
School - Canadian Heritage Language Grant	294,000	127,449	-
School - Contributions	503,284	308,517	136,308
School - Operations	6,264,684	5,685,100	5,730,341
School - O&M and Fit Up	-	26,880	54,996
School - Skills Link	207,789	171,444	80,432
School - Education Partnership Program (EPP)	100,000	72,059	391,274
School - Covid-19	-	405,371	103,215
Social Services	1,709,192	2,268,748	1,143,264
Social Development Service Delivery Administration	310,639	329,805	261,860
Community Wellbeing Instigative	306,208	351,708	198,619
AB Government and Summer Student Program	-	140,698	443,369
Traditional Land Use	663,350	551,595	624,225
Summer Students	295,000	118,240	305,893
Covid-19	108,356	1,554,722	1,685,537
Child and Family Services	-	374,459	293,779
	26,669,053	29,104,327	26,306,736

The accompanying notes form part of these financial statements.

Sunchild First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
Excess of Revenue over Expenditures Before Other Revenue (Expenditures)	1,307,920	9,750,262	4,375,403
Amortization	-	(2,735,894)	(2,099,036)
Net earnings (loss) in Nation controlled entities	-	(130,543)	(318,330)
	-	(2,866,437)	(2,417,366)
Excess (DEFICIENCY) of Revenue over Expenditures before Tangible Capital Assets	1,307,920	6,883,825	1,958,037
Tangible capital assets	-	(9,034,298)	(6,268,413)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,307,920	(2,150,473)	(4,310,376)

Sunchild First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2022

	2022 \$	2021 \$
EXCESS OF REVENUES OVER EXPENDITURES	6,883,825	1,958,037
Acquisition of tangible capital assets	(9,034,298)	(6,268,413)
Amortization of tangible capital assets	2,735,894	2,099,036
Earnings on trust funds	1,570,823	1,760,548
Withdrawals of trust funds	(2,099,061)	(2,058,968)
Use (acquisition) of prepaid assets	83,250	(83,250)
	(6,743,392)	(4,551,047)
DECREASE IN NET ASSETS	140,433	(2,593,010)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	(975,661)	1,617,349
NET FINANCIAL ASSETS (DEBT), END OF YEAR	(835,228)	(975,661)

Sunchild First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	41,017,916	34,609,598
Cash paid to suppliers and employees	(27,607,328)	(28,563,947)
	13,410,588	6,045,651
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of demand loan	(200,000)	(200,000)
Increase in promissory note	750,701	1,533,331
Long-term liabilities obtained	625,812	-
	1,176,513	1,333,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in tangible capital asset	(9,034,298)	(6,268,413)
(Increase) decrease in advances to subsidiaries	(1,529,193)	627,197
(Increase) decrease in investments	(243,889)	(652,866)
	(10,807,380)	(6,294,082)
INCREASE IN CASH DURING THE YEAR	3,779,721	1,084,900
CASH - Beginning of year	3,460,129	2,375,229
CASH - End of year	7,239,850	3,460,129
Cash Consists of:		
Cash	7,239,825	3,365,708
Restricted cash (Note 3)	25	94,421
	7,239,850	3,460,129

Sunchild First Nation

Consolidated Statement of Changes in Accumulated Surplus - Schedule 1

For the year ended March 31, 2022

	Unrestricted Surplus	Equity in Enterprise	Equity in Tangible Capital Assets	Equity in Trust Funds	2022	2021
	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year	(3,824,863)	215,193	38,358,817	2,717,259	37,466,406	35,806,789
Excess (Deficiency) of revenue over expenses	6,883,825	-	-	1,570,823	8,454,648	3,718,585
Restricted funds used for operations	-	-	-	(2,099,061)	(2,099,061)	(2,058,968)
Current year change in subsidiaries (Note 13)	(1,529,191)	1,529,191	-	-	-	-
Current years funds used for tangible capital assets	(9,034,298)	-	9,034,298	-	-	-
Annual amortization expense	2,735,894	-	(2,735,894)	-	-	-
Long-term liabilities repaid	625,812	-	(625,812)	-	-	-
Change in accumulated surplus	(317,958)	1,529,191	5,672,592	(528,238)	6,355,587	1,659,617
Balance, End of Year	(4,142,821)	1,744,384	44,031,409	2,189,021	43,821,993	37,466,406

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, 2022

	Automotive	Buildings & Housing	Furniture and Equipment	Infrastructure	2022	2021
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	5,171,407	44,986,775	1,684,166	19,379,594	71,221,942	64,953,529
Acquisition of tangible capital assets	415,022	4,031,571	1,870,985	2,716,720	9,034,298	6,268,413
Balance, End of Year	5,586,429	49,018,346	3,555,151	22,096,314	80,256,240	71,221,942
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	4,263,453	25,760,889	1,024,914	1,813,869	32,863,125	30,764,089
Annual amortization	314,239	1,349,347	334,092	738,216	2,735,894	2,099,036
Balance, End of Year	4,577,692	27,110,236	1,359,006	2,552,085	35,599,019	32,863,125
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS						
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,008,737	21,908,110	2,196,145	19,544,229	44,657,221	38,358,817

The accompanying notes form part of these financial statements.

Suncild First Nation

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2022

	ISC Revenue	Other Revenue	2022			2021		
			Total Revenue	Total Expenditures	Surplus (Deficit)	Capital Purchases Transfers	Other: Capital Purchases Transfers	Surplus (Deficit) After Other
	\$	\$	\$	\$	\$	\$	\$	\$
Administration	919,485	3,472,546	4,392,031	3,304,099	1,087,932	-	1,087,932	(1,616,645)
Band owned housing administration	177,249	41,815	219,064	219,064	-	-	-	-
Capital Projects	9,815,187	(913,766)	8,901,421	2,485,927	6,415,494	(6,415,494)	-	-
Chief & Council	-	697,600	697,600	854,875	(157,275)	-	(157,275)	(187,706)
Child Welfare	-	163,694	163,694	175,202	(11,508)	-	(11,508)	424
Daycare	-	272,071	272,071	266,004	6,067	(6,067)	-	-
Economic Development	86,313	-	86,313	89,010	(2,697)	(130,543)	(133,240)	(318,330)
& Cap Readiness	-	449,210	449,210	595,701	(146,491)	-	(146,491)	(199,123)
First Nation Development Fund	-	6,198,546	6,198,546	4,577,707	1,620,839	(1,297,597)	323,242	-
Health Services	1,229,250	-	1,229,250	1,173,049	56,201	(56,201)	-	(1,161,269)
Housing								
Indigenous Skills and Employment Training Program (ISET)	-	223,396	223,396	229,463	(6,067)	6,067	-	-
Public Works	2,952,848	(140,228)	2,812,620	2,492,875	319,745	(18,161)	301,584	-
Public Works - Other	-	271,039	271,039	21,600	249,439	-	249,439	1,147,353
School - Aboriginal Headstart	-	1,385	1,385	132,956	(131,571)	140,571	9,000	-
School - Canadian Heritage Language Grant								
School - Contribution	308,075	-	127,449	127,449	-	-	-	-
School - Operation	6,196,742	102,491	410,566	308,517	102,049	-	102,049	(32,616)
School - O & M and Fit Up	26,880	190,838	6,387,580	5,685,100	702,480	(564,168)	138,312	58,860
								-

The accompanying notes form part of these financial statements.

Suncild First Nation

Consolidated Statement of Financial Activities by Program - Schedule 3 Continued

For the year ended March 31, 2022

	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit)	Capital Purchases Transfers	Other: Income of Entities	Surplus (Deficit) After Other	2021 Surplus (Deficit)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
School - Skills Link	171,444	-	171,444	171,444	-	-	-	-	-
School - Education Partnership Program (EPP)	-	46,823	46,823	72,059	(25,236)	25,236	-	-	-
School - Covid-19	395,017	9,421	404,438	405,371	(933)	-	(933)	-	-
Social Services	1,767,928	500,820	2,268,748	2,268,748	-	-	-	-	-
Social Development Service	398,860	(69,055)	329,805	329,805	-	-	-	-	-
Delivery Administration	898,020	(546,312)	351,708	351,708	-	-	-	-	-
Community Wellbeing Initiatives	-	-	-	-	-	-	-	-	-
Other Employment and Training	-	-	-	-	-	-	-	-	-
Funding Heavy Equipment	-	11,165	11,165	140,698	(129,533)	129,533	-	-	135
AB Gov./Summer Student Program	-	359,960	359,960	551,595	(191,635)	-	(191,635)	-	-
Traditional Land Use	18,240	100,000	118,240	118,240	-	-	-	-	373,491
Summer Student	1,909,548	(354,826)	1,554,722	1,554,722	-	-	-	-	(275,914)
Covid-19	-	367,421	367,421	374,459	(7,038)	-	(7,038)	-	-
Child and Family Services	27,271,086	11,583,503	38,854,589	29,104,327	9,750,262	(8,186,824)	1,563,438	(2,211,340)	-

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, 2022

	2022 Budget \$	2022 Actual \$	2021 Actual \$
EXPENDITURES			
Administrative expenses	1,457,452	1,122,132	978,073
Building maintenance	125,437	284,813	416,455
Bad debt	-	35,800	333,464
Contractors	5,981,840	6,970,182	4,063,582
Cultural expenses	264,500	513,797	1,289,508
Equipment	-	1,565	194,896
Insurance	224,400	298,408	211,951
Interest and bank charges	18,900	58,412	70,668
Materials and supplies	4,391,223	4,984,900	4,150,444
Meeting expenses	320,672	931,701	544,578
Office	79,334	66,152	144,198
Professional fees	293,000	1,288,383	2,720,737
Recreational activities (recovery)	-	(700)	11,457
Repairs and maintenance	290,058	355,871	436,763
Special events	-	7,400	25,939
Telephone and utilities	469,498	746,972	575,214
Training	-	1,151	31,554
Travel	1,664,221	1,512,240	902,131
Vehicle	258,915	282,041	217,735
Wages and employee benefits	10,829,603	9,643,107	8,987,389
	26,669,053	29,104,327	26,306,736

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2022

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 Oil & Gas Ltd.
- (iv) Sunchild Utilities Limited Partnership
- (v) Sunchild Business Development Corp.

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, 2022

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, 2022

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, 2022

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, 2022

3. RESTRICTED CASH

	2022	2021
	\$	\$
First Nation Development Fund (FNDF)	25	121
Innovation in First Nations Education (IFNE) Grant Funds	-	51,841
Indigenous Languages in Education (ILE) Grant Funds	-	42,459
	25	94,421

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 four guaranteed investment certificates. These GIC's mature between June 2022 and, February, 2023 and earn interest annually at rates of 0.265% to 0.30%.

5. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
Government Agencies		
Indigenous Services Canada (ISC)	56,400	204,217
Health and Welfare Canada	-	9,050
Member and other receivables	-	25,193
Trade receivables	1,953,379	1,294,573
	2,009,779	1,533,033
Less: Allowance for doubtful accounts	(849,313)	(813,513)
	1,160,466	719,520

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

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

	2022	2021
	\$	\$
(a) Sunchild Construction GP Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	454,103	169,388
Accumulated surplus (deficit) in earnings	(126,985)	22,374
	327,119	191,763
(b) Sunchild Gravel Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	134,370	43,458
Accumulated surplus (deficit) in earnings	(53,873)	(70,540)
	80,498	(27,081)
(c) Sunchild Oil & Gas Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	(603,252)	(603,252)
Accumulated surplus in earnings	851,678	697,920
	248,427	94,669
(d) Sunchild Utilities Limited Partnership - 99.99% ownership		
Shares	1	1
Advances from (to) the Nation	697,736	(316,371)
Accumulated surplus (deficit) in earnings	120,607	272,215
	818,344	(44,155)
(e) Sunchild Business Development Corp. - 100% ownership		
Shares	1	-
Advances from (to) the Nation	270,000	-
	270,001	-
Total investments	1,744,389	215,196

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

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

March 31, 2022 unaudited financial statements for Sunchild Construction GP Ltd. is as follows:

	2022	2021
	\$	\$
Assets	340,561	219,538
Liabilities	467,447	197,065
Revenues	355,594	214,224
Net earnings (loss) for the year	(149,359)	(106,304)

March 31, 2022 unaudited financial statements for Sunchild Gravel Ltd. is as follows:

	2022	2021
	\$	\$
Assets	138,662	27,368
Liabilities	192,435	97,807
Revenues	161,416	135,001
Net earnings (loss) for the year	16,667	19,792

March 31, 2022 unaudited financial statements for Sunchild Oil & Gas Ltd. is as follows:

	2022	2021
	\$	\$
Assets	851,678	697,920
Revenues	844,898	396,975
Net earnings (loss) for the year	153,758	(38,915)

March 31, 2022 unaudited financial statements for Sunchild Utilities Limited Partnership is as follows:

	2022	2021
	\$	\$
Assets	958,842	668,885
Liabilities	835,932	396,568
Revenues	232,072	231,098
Net earnings (loss) for the year	(149,407)	(192,903)

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

7. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	2,551,964	165,295	2,717,259
Earnings	1,264,394	306,429	1,570,823
	3,816,358	471,724	4,288,082

BCR NUMBER	PROGRAM	Capital \$	Revenue \$	Total \$
2545 - 2022	C & C Salaries	553,600	-	553,600
2545 - 2022	C & C Travel	144,000	-	144,000
2545 - 2022	Insurance	139,400	-	139,400
2545 - 2022	Accounting & Audit Fees	200,000	-	200,000
2545 - 2022	Ceremonies	63,000	-	63,000
2545 - 2022	Materials	150,000	-	150,000
2545 - 2022	Utilities	103,600	-	103,600
2545 - 2022	Equipment Maintenance	43,332	-	43,332
2545 - 2022	Staff Wages (subsidy)	103,068	-	103,068
2545 - 2022	Housing Maintenance	100,000	-	100,000
2545 - 2022	Funeral related expenses	294,342	-	294,342
2557- 2022	Christmas Incentive - Admin	-	89,400	89,400
2557- 2022	Christmas Incentive - Health	-	11,100	11,100
2557- 2022	Christmas Incentive - Elders	-	31,000	31,000
2557- 2022	Christmas Incentive - Students	-	18,500	18,500
2557- 2022	Elder Utilities	-	54,719	54,719
		1,894,342	204,719	2,099,061
Balance, end of year		1,922,016	267,005	2,189,021

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 (2021 - \$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, 2022

10. DEFERRED CONTRIBUTION

	2022	2021
	\$	\$
Nation		
Administration		
SCTA (QZ9Q-001)	52,341	-
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
Comm Based Initiative Retro (Q2KR-001)	3,979,954	-
Other revenue	595,057	-
Daycare		
Yellowhead Tribal Development Foundation	196,918	138,305
First Nation Development Fund (FNDF)	44,344	-
Public Works		
Water systems (Q35B-001, 002 & 003)	171,580	-
Fire protection (Q3BG-001 & 002)	426,981	-
Social Services		
Basic needs (Q29W-001 & 002)	508,037	947,551
Social assistance employment & training (Q2AO-001)	-	61,305
Social Development Service Delivery Administration		
Service Delivery (Q2AF-001 & 002)	159,280	89,825
Community Wellbeing initiatives NPCV		
Community Based Initiative (Q2BW-001)	704,762	108,450
Covid-19		
ICSF DIR ALL EMAP (Q3V9-002)	354,826	-
Child and Family Services		
Capacity building (Q2HD-001)	-	367,421
Health		
Building Healthy Communities (BHC) (Q01T-001)	-	8,341
Occupational Therapy	-	253,475
Mental Wellness Program (Q21G)	322,907	431,528
CDE Planning & Response (Q23X)	766,029	932,770
Covid-19 Health Facility (Q3RA-001)	-	36,167
School		
Headstart	91,389	83,774
Canadian Heritage Language Grant	151,851	-
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
	8,526,256	5,487,563

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, 2022

12. LONG-TERM DEBT

	2022	2021
	\$	\$

CIBC mortgage bearing interest at 2.44% per annum, repayable in installments of \$2,732 including interest, due March 2046, secured by a Government of Canada guarantee	625,812	-
	625,812	-
Less: Current portion, long-term liabilities	20,788	-
	605,024	-

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

	\$
2023	20,372
2024	20,788
2025	21,211
2026	21,644
2027 and thereafter	562,169
	625,812

Interest paid on long-term liabilities amounted to \$1,019 (2021 - \$ Nil) during the year.

13. EQUITY IN ENTERPRISE FUND

	2022	2021
	\$	\$
Balance, beginning of year	215,193	842,392
Advances	1,659,734	(308,869)
Current earnings (loss) by entities	(130,543)	(318,330)
Balance, end of year	1,744,384	215,193

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2022	2021
	\$	\$
Tangible Capital assets (Schedule 2)	80,256,240	71,221,942
Accumulated amortization (Schedule 2)	(35,599,019)	(32,863,125)
Long-term liabilities (Note 12)	(625,812)	-
	44,031,409	38,358,817

Sunchild First Nation
Notes to the Consolidated Financial Statements
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15. ACCUMULATED SURPLUS

	2022	2021
	\$	\$
Unrestricted surplus	(4,142,821)	(3,824,863)
Equity in enterprise funds	1,744,384	215,193
Equity in tangible capital assets	44,031,409	38,358,817
Equity in trust funds	2,189,021	2,717,259
	43,821,993	37,466,406

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. BUDGET FIGURES

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

18. COMPARATIVE FIGURES

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