

Sunchild First Nation
Consolidated Financial Statements
March 31, 2023

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.

<u>Original Signed By</u> Chief	<u>Original Signed By</u> Councilor
<u>Original Signed By</u> Councilor	<u>Original Signed By</u> Councilor
<u>Original Signed By</u> Councilor	<u>Original Signed By</u> 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, 2023, 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, 2023, 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

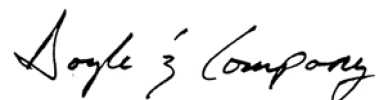
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 10, 2024
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1



Chartered Professional Accountants

Sunchild First Nation
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022 Restated (Note 17)
	\$	\$
FINANCIAL ASSETS		
Cash	4,388,030	7,239,825
Restricted cash (Note 3)	180	25
Investments (Note 4)	1,393,902	974,710
Accounts receivable (Note 5)	473,475	1,160,466
Investment in Nation controlled entities (Note 6)	4,236,981	1,744,389
Trust funds - Capital (Note 7)	8,561,247	1,922,016
Trust funds - Revenue (Note 7)	375,335	267,005
Trust funds - Other (Note 8)	615,187	452,765
	20,044,337	13,761,201
LIABILITIES		
Demand loan (Note 9)	150,000	350,000
Accounts payable and accrued liabilities	2,770,680	2,298,234
Deferred contribution (Note 10)	5,759,137	8,526,256
Promissory note (Note 11)	2,616,724	2,284,032
Long-term debt (Note 12)	4,914,543	3,252,750
	16,211,084	16,711,272
NET FINANCIAL ASSETS (DEBT)	3,833,253	(2,950,071)
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	51,841,295	44,657,221
ACCUMULATED SURPLUS (Schedule 1 and Note 15)	55,674,548	41,707,150

Approved by:

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

The accompanying notes form part of these financial statements.

Sunchild First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Restated (Note 17)
	\$	\$	Actual \$
REVENUE			
Indigenous Services Canada (ISC)	26,136,974	26,136,974	27,271,086
Health Canada	3,717,364	4,467,364	4,986,994
Indigenous Skills and Employment Training Strategy	223,572	223,572	223,396
Trust Funds - Capital	1,610,000	1,455,979	2,099,061
First Nation Development Fund (FNDF)	546,900	626,310	479,022
Canada Mortgage and Housing Corporation	39,544	39,544	-
Other revenue	4,129,615	8,186,899	6,833,723
Deferred contributions from previous period	1,088,936	8,526,256	5,487,563
Deferred contributions to subsequent period	(21,482)	(5,759,136)	(8,526,256)
	37,471,423	43,903,762	38,854,589
EXPENDITURES			
Administration	5,307,988	6,519,683	5,418,942
Band Owned Housing Administration	2,249	194,057	219,064
Capital projects	7,030,938	906,584	2,485,927
Chief & Council	700,000	939,085	854,875
Child Welfare	150,000	131,972	175,202
Daycare	300,000	457,463	266,004
Economic Development Cap & Readiness	304,563	600	89,010
First Nation Development Fund	546,900	663,731	595,701
Health Services	3,780,622	3,903,845	4,577,707
Housing	153,244	1,116,421	1,173,049
Indigenous Skills & Employment Training Program (ISET)	223,572	217,681	229,463
Public Works	5,885,970	2,532,046	2,492,875
Public Works - Other	-	-	21,600
School - Aboriginal Headstart	276,810	154,576	132,956
School - Government of Alberta	-	51,132	-
School - Canadian Heritage Language Grant	-	165,004	127,449
School - Special Education	-	101,192	308,517
School - Operations	6,552,168	7,217,686	5,685,100
School - O&M and Fit Up	-	-	26,880
School - Skills Link	-	-	171,444
School - Education Partnership Program (EPP)	317,400	352,997	72,059
School - Covid-19	-	-	405,371
Social Services	2,160,203	2,394,020	2,268,748
Social Development Service Delivery Administration	398,860	432,526	329,805
Community Wellbeing Instigative	459,146	376,122	351,708
AB Government and Summer Student Program	-	-	140,698
Traditional Land Use	-	717,945	551,595
Summer Students	309,889	339,889	118,240
Covid-19	262,046	153,203	1,554,722
Child and Family Services	2,267,855	2,936,915	374,459
	37,390,423	32,976,375	31,219,170

The accompanying notes form part of these financial statements.

Sunchild First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2023

	2023	2023	2022
	Budget	Actual	Restated
	\$	\$	(Note 17)
			Actual
			\$
Excess of Revenue over Expenditures Before Other Revenue (Expenditures)	81,000	10,927,387	7,635,419
Amortization	-	(3,215,024)	(2,735,894)
Net earnings loss in Nation controlled entities	-	(492,540)	(130,543)
	-	(3,707,564)	(2,866,437)
Excess (Deficiency) of Revenue over Expenditures before Tangible Capital Assets	81,000	7,219,823	4,768,982
Tangible capital assets	(81,000)	(10,403,681)	(9,034,298)
DEFICIENCY OF REVENUE OVER EXPENDITURES	-	(3,183,858)	(4,265,316)

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, 2023

	2023	2022 Restated (Note 17)
	\$	\$
EXCESS OF REVENUES OVER EXPENDITURES	7,219,823	4,768,982
Acquisition of tangible capital assets	(10,403,681)	(9,034,298)
Amortization of tangible capital assets	3,215,024	2,735,894
Disposal of tangible capital assets	4,583	-
Earnings on trust funds	8,209,750	1,570,823
Withdrawals of trust funds	(1,462,189)	(2,099,061)
Use (acquisition) of prepaid assets	-	83,250
	(436,513)	(6,743,392)
DECREASE IN NET ASSETS	6,783,310	(1,974,410)
NET FINANCIAL DEBT, BEGINNING OF YEAR	(2,950,071)	(975,661)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	3,833,253	(2,950,071)

The accompanying notes form part of these financial statements.

Sunchild First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022 Restated (Note 17)
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	41,168,672	41,017,916
Cash paid to suppliers and employees	(32,499,332)	(27,607,328)
	8,669,340	13,410,588
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of demand loan	(200,000)	(200,000)
Increase in promissory note	332,692	750,701
Long-term liabilities obtained	1,661,793	625,812
	1,794,485	1,176,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in tangible capital asset	(10,403,681)	(9,034,298)
(Increase) decrease in advances to subsidiaries	(2,492,592)	(1,529,193)
(Increase) decrease in investments	(419,192)	(243,889)
	(13,315,465)	(10,807,380)
INCREASE IN CASH DURING THE YEAR	(2,851,640)	3,779,721
CASH - Beginning of year	7,239,850	3,460,129
CASH - End of year	4,388,210	7,239,850
Cash Consists of:		
Cash	4,388,030	7,239,825
Restricted cash (Note 3)	180	25
	4,388,210	7,239,850

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, 2023

	Unrestricted Surplus	Equity in Enterprise	Equity in Tangible Capital Assets	Equity in Trust Funds	2023	2022 Restated (Note 17)
	\$	\$	\$	\$	\$	\$
Balance, Beginning of Year, as previously stated	(4,142,821)	1,744,384	44,031,409	2,189,021	43,821,993	37,466,406
Prior period adjustment (Note 17)	(2,114,843)	-	-	-	(2,114,843)	-
Balance, Beginning of Year	(6,257,664)	1,744,384	44,031,409	2,189,021	41,707,150	37,466,406
Excess of revenue over expenses	7,219,823	-	-	8,209,750	15,429,573	6,339,805
Restricted funds used for operations	-	-	-	(1,462,189)	(1,462,189)	(2,099,061)
Current year change in subsidiaries (Note 13)	(2,492,593)	2,492,593	-	-	-	-
Current years funds used for tangible capital assets	(10,403,681)	-	10,403,681	-	-	-
Disposal of tangible capital assets	4,583	-	(4,583)	-	-	-
Annual amortization expense	3,215,024	-	(3,215,024)	-	-	-
Long-term liabilities obtained	965,153	-	(965,153)	-	-	-
Long-term liabilities repaid	(21,014)	-	21,014	-	-	-
Change in accumulated surplus	(1,512,705)	2,492,593	6,239,935	6,747,561	13,967,384	4,240,744
Balance, End of Year	(7,770,369)	4,236,977	50,271,344	8,936,582	55,674,548	41,707,150

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, 2023

	Automotive	Buildings & Housing	Furniture and Equipment	Infrastructure	2023	2022
	\$	\$	\$	\$	\$	\$
COST:						
Balance, Beginning of Year	5,586,429	49,018,346	3,555,151	22,096,314	80,256,240	71,221,942
Acquisition of tangible capital assets	-	3,972,540	39,907	6,391,234	10,403,681	9,034,298
Disposal of tangible capital assets	(32,081)	-	-	-	(32,081)	-
Balance, End of Year	5,554,348	52,990,886	3,595,058	28,487,548	90,627,840	80,256,240
ACCUMULATED AMORTIZATION:						
Balance, Beginning of Year	4,577,692	27,110,236	1,359,006	2,552,085	35,599,019	32,863,125
Annual amortization	301,246	1,541,258	462,927	909,593	3,215,024	2,735,894
Accumulated amortization on disposals	(27,498)	-	-	-	(27,498)	-
Balance, End of Year	4,851,440	28,651,494	1,821,933	3,461,678	38,786,545	35,599,019
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	702,908	24,339,392	1,773,125	25,025,870	51,841,295	44,657,221
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,008,737	21,908,110	2,196,145	19,544,229	44,657,221	

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, 2023

				2023				2022
	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit)	Other: Capital Purchases Transfers	Surplus (Deficit) After Other	Surplus (Deficit) Restated (Note 17)
	\$	\$	\$	\$	\$	\$	\$	\$
Administration	921,987	5,457,196	6,379,183	6,519,683	(140,500)	153,015	12,515	(1,026,911)
Band owned housing administration	2,249	5,430	7,679	194,057	(186,378)	186,378	-	-
Capital Projects	6,730,938	5,308,286	12,039,224	906,584	11,132,640	(10,691,894)	440,746	-
Chief & Council	-	754,016	754,016	939,085	(185,069)	-	(185,069)	(157,275)
Child Welfare	-	131,972	131,972	131,972	-	-	-	(11,508)
Daycare	-	498,948	498,948	457,463	41,485	16,326	57,811	-
Economic Development								
& Cap Readiness	304,563	-	304,563	600	303,963	(492,540)	(188,577)	(133,240)
First Nation Development Fund	-	431,030	431,030	663,731	(232,701)	-	(232,701)	(146,491)
Health Services	-	5,330,616	5,330,616	3,903,845	1,426,771	(1,299,696)	127,075	323,242
Housing	113,700	39,544	153,244	1,116,421	(963,177)	963,177	-	-
Indigenous Skills and Employment								
Training Program (ISET)	-	234,007	234,007	217,681	16,326	(16,326)	-	-
Public Works	5,435,970	(2,536,954)	2,899,016	2,532,046	366,970	(124,510)	242,460	301,584
Public Works - Other	-	1,545	1,545	-	1,545	-	1,545	249,439
School - Aboriginal Headstart	-	(122,234)	(122,234)	154,576	(276,810)	276,810	-	9,000
School - Student Wellbeing	-	229,707	229,707	51,132	178,575	(178,575)	-	-
School - Canadian Heritage								
Language Grant	-	151,851	151,851	165,004	(13,153)	-	(13,153)	-
School - Contribution	-	-	-	101,192	(101,192)	-	(101,192)	102,049
School - Operation	6,552,168	330,981	6,883,149	7,217,686	(334,537)	362,035	27,498	138,312
School - O & M and Fit Up	-	19,192	19,192	-	19,192	-	19,192	-

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, 2023

	2023						2022	
	ISC Revenue	Other Revenue	Total Revenue	Total Expenditures	Surplus (Deficit)	Other: Capital Purchases Transfers	Surplus (Deficit) After Other	Surplus (Deficit) Restated (Note 17)
	\$	\$	\$	\$	\$	\$	\$	\$
School - Education Partnership Program (EPP)	317,400	-	317,400	352,997	(35,597)	35,597	-	-
School - Covid-19	-	-	-	-	-	-	-	(933)
Social Services	2,160,203	233,817	2,394,020	2,394,020	-	-	-	-
Social Development Service								
Delivery Administration	398,860	33,666	432,526	432,526	-	-	-	-
Community Wellbeing Initiatives	459,146	584,036	1,043,182	376,122	667,060	-	667,060	-
Traditional Land Use	-	626,979	626,979	717,945	(90,966)	-	(90,966)	(191,635)
Summer Student	209,889	130,000	339,889	339,889	-	-	-	-
Covid-19	262,046	(108,843)	153,203	153,203	-	-	-	-
Child and Family Services	2,267,855	2,000	2,269,855	669,060	1,600,795	(1,600,795)	-	(7,038)
	26,136,974	17,766,788	43,903,762	30,708,520	13,195,242	(12,410,998)	784,244	(551,405)

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, 2023

	2023	2023	2022
	Budget	Actual	Restated
	\$	\$	(Note 17) Actual \$
EXPENDITURES			
Administrative expenses	1,075,345	1,236,651	1,122,132
Building maintenance	57,732	464,206	284,813
Bad debt	-	55,351	35,800
Contractors	12,378,723	4,570,231	7,056,050
Cultural expenses	1,090,000	2,250,034	513,797
Equipment	-	600	1,565
Insurance	220,000	346,105	2,275,086
Interest and bank charges	175,000	291,722	58,412
Materials and supplies	7,516,006	4,532,377	5,008,721
Meeting expenses	567,281	1,777,430	931,701
Office	95,500	230,360	66,152
Professional fees	1,140,791	1,477,573	1,316,858
Recreational activities (recovery)	-	4,899	(700)
Repairs and maintenance	697,633	593,478	355,871
Special events	-	3,465	7,400
Telephone and utilities	649,000	749,800	746,972
Training	-	201,897	1,151
Transfer to Child & Family Services	-	2,267,855	-
Travel	1,493,791	1,738,204	1,512,240
Vehicle	225,468	313,265	282,041
Wages and employee benefits	10,008,153	9,870,872	9,643,108
	37,390,423	32,976,375	31,219,170

The accompanying notes form part of these financial statements.

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2023

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
- (vi) Sunchild Business Development GP Corp.
- (vii) Sunchild First Nation Child and Family Services Society

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, 2023

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, 2023

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 Services Canada (ISC) and were approved by a band council resolution (BCR).

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2023

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, 2023

3. RESTRICTED CASH

	2023	2022
	\$	\$
First Nation Development Fund (FNDF)	180	25

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 August 2023 and September 2023 and earn interest annually at rates of 1.92% to 2.50%.

5. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Government Agencies		
Indigenous Services Canada (ISC)	278,195	56,400
Trade receivables	1,099,945	1,953,379
	1,378,140	2,009,779
Less: Allowance for doubtful accounts	(904,665)	(849,313)
	473,475	1,160,466

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2023

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

	2023 \$	2022 \$
(a) Sunchild Construction GP Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	725,403	454,103
Accumulated surplus (deficit) in earnings	(218,328)	(126,985)
	507,076	327,119
(b) Sunchild Gravel Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	237,568	134,370
Accumulated surplus (deficit) in earnings	25,122	(53,873)
	262,691	80,498
(d) Sunchild First Nation Child and Family Society - 100% ownership		
Advances from (to) the Nation	327,057	-
Accumulated surplus (deficit) in earnings	486,400	-
	813,457	-
(c) Sunchild Oil & Gas Ltd. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	1,196,971	(603,252)
Accumulated surplus in earnings	88,781	851,678
	1,285,753	248,427
(d) Sunchild Utilities Limited Partnership - 99.99% ownership		
Shares	1	1
Advances from (to) the Nation	1,191,852	697,736
Accumulated surplus (deficit) in earnings	(93,850)	120,607
	1,098,003	818,344
(d) Sunchild Business Development Corp. - 100% ownership		
Shares	1	1
Advances from (to) the Nation	259,238	270,000
Accumulated surplus (deficit) in earnings	10,762	-
	270,001	270,001
Total investments	4,236,981	1,744,389

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2023

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

March 31, 2023 unaudited financial statements for Sunchild Construction GP Ltd. is as follows:

	2023	2022
	\$	\$
Assets	670,766	340,561
Liabilities	888,995	467,447
Revenues	718,562	355,594
Net loss for the year	(91,343)	(149,359)

March 31, 2023 unaudited financial statements for Sunchild Gravel Ltd. is as follows:

	2023	2022
	\$	\$
Assets	315,319	138,662
Liabilities	290,097	192,435
Revenues	459,405	161,416
Net earnings for the year	78,995	16,667

March 31, 2023 audited financial statements for Sunchild First Nation Child and Family Services Society is as follows:

	2023	2022
	\$	\$
Assets	1,991,290	-
Liabilities	2,215,407	-
Revenues	3,875,977	-
Net earnings (loss) for the year	(77,645)	-

March 31, 2023 unaudited financial statements for Sunchild Oil & Gas Ltd. is as follows:

	2023	2022
	\$	\$
Assets	1,285,753	851,678
Liabilities	1,196,971	-
Revenues	2,321,302	844,898
Net earnings (loss) for the year	(762,896)	153,758

March 31, 2023 unaudited financial statements for Sunchild Utilities Limited Partnership is as follows:

	2023	2022
	\$	\$
Assets	1,236,090	958,842
Liabilities	1,329,837	835,932
Revenues	365,590	232,072
Net earnings (loss) for the year	(214,456)	(149,407)

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2023

7. EQUITY IN TRUST FUND

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	1,922,016	267,005	2,189,021
Earnings	7,775,120	434,630	8,209,750
	9,697,136	701,635	10,398,771
BCR			
NUMBER	PROGRAM		
2545 - 2023	C & C Salaries	610,000	-
2545 - 2023	C & C Travel	144,000	-
2545 - 2023	Insurance	139,400	-
2545 - 2023	Accounting & Audit Fees	100,000	-
2545 - 2023	Staff Wages (subsidy)	103,084	-
2575 - 2023	Funeral related expenses	39,405	-
2591 - 2023	Christmas Incentive - Admin	-	97,700
2591 - 2023	Christmas Incentive - Health	-	12,100
2591 - 2023	Christmas Incentive - Elders	-	33,500
2591 - 2023	Christmas Incentive - Students	-	19,000
2591 - 2023	Educational Staff	-	4,000
2591 - 2023	Funeral Expenses	-	160,000
		1,135,889	326,300
Balance, end of year	8,561,247	375,335	8,936,582

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 \$36,595 (2022 - \$29,592).

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, 2023

10. DEFERRED CONTRIBUTION

	2023 \$	2022 \$
Nation		
Administration		
SCTA (QZ9Q-001)	-	52,341
Capital Projects		
Comm Based Initiative Retro (Q2KR-001)	-	3,979,954
Other revenue	-	595,057
Daycare		
Yellowhead Tribal Development Foundation	-	96,789
First Nation Development Fund (FNDF)	244,859	44,344
Public Works		
Water Systems (Q35B-001, 002 & 003)	334,558	171,580
A&C Wastewater < 1.5M (Q34X-001)	621,804	-
Water Under 1.5M (Q3TE-001)	226,288	-
Fire Protection (Q3BG-001)	186,244	426,981
Connectivity (Q3B8-001)	65,571	-
Construction (Q3XJ-001)	599,500	-
Lot Servicing(Q3XL-001)	60,000	-
A&C Wastewater < 1.5M (Q351-001)	197,614	-
Roads and Bridges (Q3AX-001)	1,062,233	-
Community Buildings (Q3BK-001)	24,234	-
Social Services		
Basic needs (Q29W-001 & 002)	274,220	508,037
Social Development Service Delivery Administration		
Service Delivery (Q2AF-001)	125,814	159,280
Community Wellbeing initiatives NPCV		
Community Based Initiative (Q2KQ-001)	120,726	704,762
Covid-19		
ICSF DIR ALL EMAP (Q3V9-001 & 002)	463,669	354,826
Indigenous Skills & Employment Training Program		
Other Revenue	100,129	100,129
Health		
Connectivity (Q3B8-001)	598,038	-
Mental Wellness Program (Q21G)	-	322,907
CDE Planning & Response (Q23X)	-	766,029
School		
Headstart	213,623	91,389
Canadian Heritage Language Grant	-	151,851
Government of Alberta - Student Well Being	240,013	-
	5,759,137	8,526,256

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, 2023

12. LONG-TERM DEBT

	2023	2022 Restated (Note 17)
	\$	\$
CIBC mortgage bearing interest at 2.02% per annum, repayable in monthly installments of \$2,731 including interest, due March 2027, secured by Government of Canada guarantee.	604,798	625,812
CIBC mortgage bearing interest at 3.52% per annum, repayable in monthly installments of \$4,978 including interest, loan is secured by Government of Canada guarantee.	965,153	-
Concentra Bank non-revolving term facility loan bearing interest at 3.45% per annum, quarterly interest repayable, loan is secured by Government of Canada guarantee.	3,344,592	2,626,938
	4,914,543	3,252,750
Less: Current portion, long-term liabilities	45,450	20,788
	4,869,093	3,231,962

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

	\$
2024	45,450
2025	45,872
2026	47,188
2027	44,543
2028 and thereafter	4,731,490
	4,914,543

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

13. EQUITY IN ENTERPRISE FUND

	2023	2022
	\$	\$
Balance, beginning of year	1,744,384	215,193
Advances	2,985,132	1,659,734
Current earnings (loss) by entities	(492,539)	(130,543)
Balance, end of year	4,236,977	1,744,384

Sunchild First Nation

Notes to the Consolidated Financial Statements

March 31, 2023

14. EQUITY IN TANGIBLE CAPITAL ASSETS

	2023 \$	2022 \$
Tangible capital assets (Schedule 2)	90,627,840	80,256,240
Accumulated amortization (Schedule 2)	(38,786,545)	(35,599,019)
Long-term liabilities (Note 12)	(1,569,951)	(625,812)
	50,271,344	44,031,409

15. ACCUMULATED SURPLUS

	2023 \$	2022 Restated (Note 17) \$
Unrestricted surplus	(7,770,355)	(6,257,664)
Equity in enterprise funds	4,236,977	1,744,384
Equity in tangible capital assets	50,271,344	44,031,409
Equity in trust funds	8,936,582	2,189,021
	55,674,548	41,707,150

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.

Sunchild First Nation
Notes to the Consolidated Financial Statements
March 31, 2023

17. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to correct the transactions related to the Agricultural Benefit Pre-Settlement Trust. The result of this prior period adjustment increased the trust funds by \$100, long-term liabilities by \$2,626,938, and insurance and related expenses by \$2,114,843. The accounts payable decreased by \$511,995 and the unrestricted surplus by \$2,114,843.

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.