

Consolidated Financial Statements of

BLOOD TRIBE

And Independent Auditors' Report thereon

March 31, 2022

Management's Responsibility for Financial Reporting

Blood Tribe management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Entity's financial position as at March 31, 2022 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

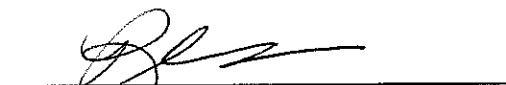
In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintained a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. Chief and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Chief and Council is also responsible for the appointment of the Entity's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to Chief and Council and the Members of the Blood Tribe, stating the scope of their examination and opinion on the financial statements, follows.



Senior Executive Officer



Senior Finance Officer



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INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of the Blood Tribe:

Opinion

We have audited the accompanying consolidated financial statements of Blood Tribe (the "Tribe"), which comprise:

- the consolidated statement of financial position as at March 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements and schedules, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2022 its results of operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the consolidated Financial Statements***" section of our auditors' report.

We are independent of the Tribe in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the consolidated financial statements.

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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Tribe'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 Tribe's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Tribe to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style and is underlined with a single horizontal line.

Chartered Professional Accountants

Lethbridge, Canada

July 20, 2022

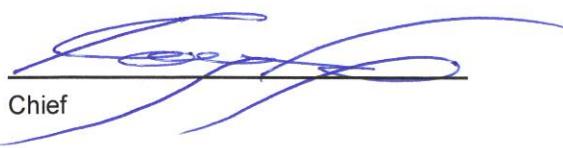
BLOOD TRIBE

Consolidated Statement of Financial Position
March 31, 2022, with comparative information for 2021

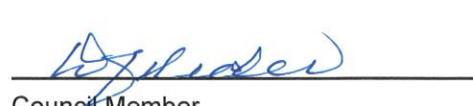
	2022	2021
Financial assets		
Cash and cash equivalents	\$ 79,800,232	\$ 52,250,285
Accounts receivable (note 5)	33,085,106	23,451,512
Temporary investments (note 4)	11,021,519	13,761,116
Inventory for resale	244,546	--
Investment in business enterprises (note 6)	22,834,979	22,406,169
Restricted Cash (note 7)	9,585,716	8,137,029
Funds held in trust (note 8)	64,918,981	59,451,927
	221,491,079	179,458,038
Financial liabilities		
Account payable and accrued liabilities (note 10)	23,220,440	16,904,303
Deferred revenue (note 11)	45,676,460	29,391,331
Long-term debt (note 12)	30,775,314	32,294,520
	99,672,214	78,590,154
Net assets	121,818,865	100,867,884
Non-financial assets		
Tangible capital assets (schedule 1)	208,100,306	172,801,991
Prepaid expenses	4,440,992	4,869,798
Inventory for consumption	9,709	226,911
	212,551,007	177,898,700
Contingencies, commitments and guarantees (note 13)		
Accumulated surplus (note 14)	\$ 334,369,872	\$ 278,766,584

See accompanying notes to consolidated financial statements.

On Behalf of the Tribe



Chief



Council Member

BLOOD TRIBE

Consolidated Statement of Operations and Accumulated Surplus
Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
Revenue:			
Indigenous Services Canada (ISC) (note 17)	\$108,308,567	\$145,848,206	\$151,734,729
First Nations Development Fund	--	1,625,250	1,676,301
Canada Mortgage and Housing Corporation			
Subsidy	--	6,140,872	1,813,319
Tribal Council Funding	2,736,936	3,617,932	2,736,162
Federal and Provincial Funding and Grants	31,673,969	34,853,754	22,657,095
Band Capital Fund (schedule 28)	5,000	--	2,255,426
Band Revenue Fund (schedule 29)	2,896,036	12,217,156	12,541,241
Blood Tribe Mismanagement of Assets Specific			
Claims Trust contribution (schedule 29)	--	12,648,702	--
Big Lease funds	880,000	3,469,097	2,991,440
TOPGAS settlement proceeds	--	17,000,000	--
Rent	374,927	3,310,966	3,871,288
Interest income	68,970	668,700	1,452,847
Other Government funding	--	3,101,563	5,951,698
Other revenue	28,232,648	31,799,807	27,695,023
<u>Deferred revenue</u>	--	(7,013,489)	(6,145,574)
Total revenue	175,177,053	269,288,516	231,230,995
Program expenses (schedule 2):			
971445 Alberta Ltd (schedule 3)	--	72,616	120,866
Blood Band Housing Authority (schedule 4)	3,033,691	4,995,164	3,092,491
Blood Indian Band Housing Society (schedule 5)	--	5,503,575	3,420,498
Blood Tribe School Bus- Coop (schedule 6)	--	5,863,250	5,759,352
Blood Tribe Administration (schedule 7)	10,393,600	27,249,921	21,409,471
Blood Tribe Department of Health (schedule 8)	23,318,446	29,587,422	27,530,442
Blood Tribe Economic Development (schedule 9)	--	1,324,124	1,513,467
Blood Tribe Employment and Skills Training (schedule 10)	2,276,331	3,526,782	3,140,898
Blood Tribe Family & Community Support Services (schedule 11)	3,002,060	5,071,590	3,201,545
First Nations Development Fund (schedule 12)	--	69,667	91,520
Blood Tribe Lands Department (schedule 13)	2,321,112	2,561,161	2,455,693
Blood Tribe Police Service (schedule 14)	7,941,900	7,713,059	8,016,234
Blood Tribe Real Estate (schedule 16)	--	1,902,271	1,507,652
Blood Tribe Recreation and Parks (schedule 17)	1,880,141	3,285,383	3,217,055
Blood Tribe Revenue Fund (schedule 18)	--	13,258,138	14,728,609
Blood Tribe Social Development (schedule 19)	17,010,312	17,241,216	19,296,152
Blood Tribe Public Works (schedule 15)	4,729,564	9,199,656	10,180,068
Kainai Education Society (schedule 20)	38,195,442	28,921,994	26,727,346
Kainai Marketplace Ltd. (schedule 22)	--	3,583,014	3,899,587
Kainaiwa/Blood Tribe Specific Akers No.1 & No. 2 Specific Claims Trust (schedule 23)	427,351	601,018	1,020,582
Kainai Children's Services Corporation (schedule 24)	21,717,353	25,773,120	22,058,783
Kainai Developments Ltd. (schedule 25)	168,115	231,816	204,554

BLOOD TRIBE

Consolidated Statement of Operations and Accumulated Surplus
Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
Kainai Resources Inc. (schedule 26)	790,634	4,681,533	898,870
Red Crow Community College (schedule 27)	18,000,322	16,135,399	15,881,194
Total expenses	155,206,374	218,352,889	199,372,929
Surplus before other items	19,970,679	50,935,627	31,858,066
Other income (expense):			
Other	--	4,238,851	2,373,702
Earnings from operations of business enterprises (note 6)	--	428,810	1,636,289
	--	4,667,661	4,009,991
Surplus for the year	19,970,679	55,603,288	35,868,057
Accumulated surplus, beginning of year	278,766,584	278,766,584	242,898,527
Accumulated surplus, end of year	\$298,737,263	\$334,369,872	\$278,766,584

See accompanying notes to consolidated financial statements.

BLOOD TRIBE

Consolidated Statement of Operations and Accumulated Surplus
Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
<u>Surplus for the year</u>	\$ 19,970,679	\$ 55,603,288	\$ 35,868,057
Additions of tangible capital assets	--	(44,670,134)	(26,476,436)
Amortization of tangible capital assets	--	9,371,819	8,716,181
Change in prepaid expenses	--	428,806	(1,765,542)
Change in inventory for consumption	--	217,202	(217,197)
Change in net financial assets	19,970,679	20,950,981	16,125,063
Net financial assets, beginning of year	100,867,884	100,867,884	84,742,821
<u>Net financial assets, end of year</u>	<u>\$ 80,897,205</u>	<u>\$ 121,818,865</u>	<u>\$ 100,867,884</u>

See accompanying notes to consolidated financial statements.

BLOOD TRIBE

Consolidated Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in)		
Operating activities:		
Surplus for the year	\$ 55,603,288	\$ 35,868,057
Non-cash items:		
Amortization	9,371,819	8,716,181
Earnings from operations of business enterprises	(428,810)	(1,636,189)
	64,546,297	42,948,049
Changes in working capital accounts:		
Accounts receivable	(9,633,594)	(2,782,770)
Accounts payable and accrued liabilities	6,316,137	4,884,528
Deferred revenue	16,285,129	13,691,586
Inventory for consumption	217,202	(217,197)
Prepaid expenses	428,806	(1,765,542)
Inventory for resale	(244,546)	--
	77,915,431	56,758,654
Financing activities:		
Change in long-term debt	(1,519,206)	1,656,374
	(1,519,206)	1,656,374
Capital activities:		
Acquisition of tangible capital assets	(44,670,134)	(26,476,436)
	(44,670,134)	(26,476,436)
Investing activities:		
Decrease (increase) in temporary investments	2,739,597	(5,188,016)
Decrease (increase) in restricted cash	(1,448,687)	5,452,145
Decrease (increase) in funds held in trust	(5,467,054)	410,056
	(4,176,144)	674,185
Increase in cash and cash equivalents	27,549,947	32,612,777
Cash and cash equivalents, beginning of year	52,250,285	19,637,508
Cash and cash equivalents, end of year	\$ 79,800,232	\$ 52,250,285

See accompanying notes to consolidated financial statements.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

1. Operations:

The Blood Tribe (the "Tribe") is located in the province of Alberta, and provides various services to its members. The Tribe includes the Tribe's members, government and all related entities that are accountable to the Tribe and are either owned or controlled by the Tribe. The Blood Tribe is exempt from tax under Section 149 of the Income Tax Act.

2. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian Public sector accounting standards and are consistent with accounting policies set out by Indigenous Services Canada ("ISC"). Significant aspects of the accounting policies adopted by the Blood Tribe are as follows:

(a) Reporting entity:

The Tribe reporting entity includes all controlled departments or entities that are accountable to the Blood Tribe, except for Tribe business enterprises.

The consolidated financial statements include the assets, liabilities, revenues and expenses of the following departments and entities:

Blood Tribe Administration	Red Crow Community College
Blood Tribe Department of Health Inc.	Blood Tribe Recreation and Parks
Blood Tribe Economic Development	Blood Tribe Revenue Fund
Blood Tribe Employment and Skills Training	Blood Tribe Social Development
Blood Tribe Family and Community Support Services	Kainai Education Society
Kainai Manufactured Home Park	Kainai Marketplace Ltd.
Kainaiwa Akers Specific Claims Trust No. 1 and No. 2	Blood Tribe First Nation Development Fund
Kainaiwa Children's Services Corporation	Blood Reserve School Bus co-op Ltd.
Kainaiwa Developments Ltd.	Blood Band Housing Authority
Kainaiwa Resources Inc.	Blood Indian Band Housing Society
Blood Tribe Public Works	Blood Tribe Lands
971445 Alberta Ltd.	Blood Tribe Police Service
	Blood Tribe Real Estate

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 Blood Tribe business enterprises that are owned or controlled by the Blood Tribe Council and that are not dependent on the Blood Tribe for their continuing operations are included in the consolidated financial statements using the modified equity method. The Blood Tribe's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate shares of post acquisition earnings and contributions and decreased by post acquisition losses and distributions received. Enterprises accounted for by the modified equity basis include:

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

2. Significant accounting policies: (continued)

(a) Reporting entity: (continued)

1110340 Alberta Ltd.

1432126 Alberta Ltd.

Blood Tribe Agricultural Project Ltd., comprising AOHKII 2018

Blood Tribe Oil and Gas Partnership

Kainai Housing Corporation

(b) Basis of presentation

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(c) Pension expense

The Blood Tribe participates in a pension program covering substantially all full-time employees. Contributions to the plan are based on participants' contribution between 2.5% and 5.5% of their salary. The Tribe matches the participants' contribution. There have been no changes to the pension plan in the current year.

(d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out: method. Net realizable value is the estimated selling price in the ordinary course of business.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

2. Significant accounting policies: (continued)

(f) Non-financial assets

(i) Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Construction in progress is recorded at the construction costs of the related project. Contributed tangible assets are recorded at their fair value at the date of contribution.

(ii) Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital lease are amortized on the straight-line basis over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

(iii) Amortization

The cost less residual value of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows.

		Years
Automotive and equipment	straight-line	10-30
Buildings	straight-line	20
Housing units	reverse sum of years	25
Infrastructure	straight-line	25

Assets under construction are not amortized until the asset is available for productive use.

(iv) Long-lived assets:

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Blood Tribe performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in operations for the year. Prices for similar items are used to measure fair value of long-lived assets.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

2. Significant accounting policies: (continued)

(g) Funds held in Ottawa Trust Fund:

Funds held in trust on behalf of Blood Tribe members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on land or other Tribe tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

(h) Investment in business enterprises:

The Blood Tribe follows the modified equity method to account for its investment in business enterprises. The investment is stated at cost plus (less) the Blood Tribe's share of earnings (losses) since acquisition plus capital and operating transfers to (from) the business enterprises. The statement of operations for business enterprises include the business enterprises' annual surplus (deficit) for the year ended March 31, 2022. The business enterprises' accounting principles have not been adjusted to conform to those of the Blood Tribe.

(i) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Inventories are valued at the lower of cost or net realizable value. Investment in business enterprises are recorded using the modified equity method after evaluation of any impairment. Liability for contaminated sites is based on estimated cost to remediate the site.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

(j) Revenue recognition:

Indigenous Services Canada ("ISC") and First Nations and Inuit Health ("FNIH")

The Blood Tribe 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 Blood Tribe recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Band Capital and Revenue Funds

The Blood Tribe recognizes revenue of the Capital and Revenue Fund as income is received and reported by the federal government.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

2. Significant accounting policies: (continued)

(j) Revenue recognition: (continued)

Canada Mortgage and Housing Corporation ("CMHC")

CHMC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements, and is decreased for amounts anticipated to be repaid at year end.

Housing rental income

Rental revenue is recorded in the period it is earned.

Residential Rehabilitation Assistance Program ("RRAP")

RRAP provides five year, non interest bearing, forgivable loans for low income homeowners whose homes require major renovations. Revenue is reported upon substantial completion of the project. Any funds, which must be repaid because the homeowner did not comply with the terms of the assistance program is recognized as an expense in the year funds are repaid.

Community Future Treaty 7 ("CFT7") and Treaty 7 Management Corporation ("T7MC")

Treaty 7 provides funding for specific purposes. These funds are reported as revenue in the year the specific expenses are incurred. Funds which have not been expended by the fiscal year-end are recorded as deferred revenue and appear as a liability on the consolidated statement of financial position.

First Nations Development Fund ("FNDF")

FNDF provide funding for specific projects. These funds are reported as revenue in the year the specific expenses are incurred. Funds which have not been expended by the fiscal year end are recorded as deferred revenue and appear as a liability on the consolidated statement of financial position.

Other Government Funding

The Blood Tribe 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 Tribe recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

All other revenue received that is not subject to funding agreements is recorded in the year in which it is earned and collection is reasonably assured

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

2. Significant accounting policies: (continued)

(k) Segments:

The Tribe conducts its business through 24 reportable segments: See "reporting entity" accounting policy note for list of all segments. These operating segments are established by senior management to facilitate the achievement of the Blood Tribe long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in the segments are consistent with those followed in the preparation of the consolidated financial statements.

(l) Liability for contaminated sites:

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Tribe is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the Tribe reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Tribe continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2022, there is no liability for contaminated sites accrued in these consolidated financial statements.

3. New and proposed accounting pronouncements:

Future Accounting Pronouncements

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2022, the Tribe will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

PS 1201 - Financial statement presentation

The implementation of this standard requires a new statement of remeasurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in a foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2022.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

3. New and proposed accounting pronouncements: (continued)

PS 3450 - Financial instruments

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the government. Unrealized gains and losses will be presented on the new statement of remeasurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the derecognition of financial liabilities. As the Tribe does not invest in derivatives or equity instruments based on its investment policy, it is anticipated that the adoption of this standard will have a minimal impact on the Tribe. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 2601 - Foreign currency translation

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items valued at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of remeasurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 3041 - Portfolio investments

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2022.

PS 3280 – Asset retirement obligations

This section provides guidance on how to account for and report a liability for retirement of a tangible capital asset. This section is effective for fiscal years beginning on or after April 1, 2022.

PS 3400 – Revenue

This section provides guidance on how to account for and report on revenue, specifically addressing revenue arising from exchange transactions and unilateral transactions. This section is effective for fiscal years beginning on or after April 1, 2022.

4. Temporary investments:

Temporary investments include investments in marketable securities and guaranteed investment certificates bearing interest at rates ranging from 1.21% to 1.60% (2021 - 1.15% to 1.60%) with varying maturity dates from May 2022 to September 2024.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

5. Accounts receivable:

	2022	2021
Indigenous Services Canada	\$ 2,622,657	\$ 1,914,286
First Nations Development Fund	669,374	605,308
Canada Revenue Agency	1,804,992	1,804,992
Due from non-consolidated entities	9,502,782	5,910,000
Housing rents	4,667,808	3,563,209
Other	7,084,365	11,751,769
Ottawa Trust	11,004,245	4,534,633
Water and garbage fees	388,793	222,293
	37,745,016	30,306,490
Less: Allowance for doubtful accounts	4,659,910	4,854,978
	\$ 33,085,106	\$ 25,451,512

6. Investments in First Nation business enterprises:

The Blood Tribe has investment in the following entities:

	2021	2022	2022	2022
	Investment in business enterprises	Net income (loss)	Equity transfers	Investment in business enterprises
Wholly-owned Businesses:				
1110340 Alberta Ltd. (KRI)	\$ 215,513	\$ --	\$ --	\$ 215,513
1432126 Alberta Ltd. (Akers)	5,954,260	--	--	5,954,260
Blood Tribe Oil and Gas Partnership (KRI)	1,000,000	--	--	1,000,000
Blood Tribe Agricultural Project	15,310,934	428,810	--	15,739,744
Kainai Housing Corporation	(74,538)	--	--	(74,538)
	\$ 22,406,169	\$ 428,810	\$ --	\$ 22,834,979

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

6. Investments in First Nation business enterprises: (continued)

	2020	2021	2021	2021
	Investment in business enterprises	Net income (loss)	Equity transfers	Investment in business enterprises
Wholly-owned Businesses:				
971445 Alberta Ltd. (KRI)	\$ 2,310,461	\$ --	\$ (2,310,461)	\$ --
1110340 Alberta Ltd. (KRI)	425,513	(210,000)	--	215,513
1432126 Alberta Ltd. (Akers)	5,954,260	--	--	5,954,260
Blood Tribe Oil and Gas Partnership (KRI)	1,000,000	--	--	1,000,000
Blood Tribe Agricultural Project	11,445,111	3,865,823	--	15,310,934
Kainai Marketplace Ltd.	(290,826)	--	290,826	--
Kainai Housing Corporation	(74,538)	--	--	(74,538)
	\$ 20,769,981	\$ 3,655,823	\$ (2,019,635)	\$ 22,406,169

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

7. Restricted cash:

	2022	2021
Blood Tribe Lands	\$ 2,327,257	\$ 1,941,747
Blood Tribe First Nation Development Fund	2,190,362	693,124
Blood Tribe Department of Health	3,600,904	3,601,057
Blood Indian Band Housing Society	1,467,193	1,901,101
	\$ 9,585,716	\$ 8,137,029

Blood Tribe Department of Health Inc. restricted cash must be used for future specific approved purchases under the MCARR and AYCES agreements. The amount is comprised of \$3,600,904 (2021 - \$3,601,057) for AYCES.

Blood Tribe First Nation Development Fund restricted cash represents funds which must be used for specific approved projects. Any underspending of funds must receive an approved redirection by Band Council Resolution and approval from First Nations Development Fund and the Province.

Blood Tribe Lands is involved in an agency agreement with the Blood Tribe land occupants whereby the Blood Tribe collects and disburses the rental income from renters and receives a 5% administration fee. This cash represents the amounts which have not been disbursed under the terms of the rental agreements. At March 31, 2022, the Tribe Lands restricted cash account is under funded by \$2,327,257 (2021 - \$1,941,747) as compared to the amount owed to trusts and estates.

Blood Indian Band Housing Society restricted cash relates to annual contributions to a replacement reserve in accordance with Canada Mortgage and Housing Corporation ("CMHC") guidelines. In accordance with the terms of the agreements, CMHC reserve monies must be held or investment only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal. Funds within the reserve account are required to be set aside for the replacement of housing units in accordance with CMHC policies.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

8. Funds held in trust:

	2022	2021
Capital trust		
Balance, beginning of year	\$ 56,441,038	\$ 56,978,288
Gas royalties	564,521	290,338
Oil and gas bonus	76,999	12,500
Oil royalties	3,376,045	1,415,338
Less: transfers	--	(2,255,426)
	60,458,603	56,441,038
Revenue trust		
Balance, beginning of year	2,004,224	1,903,278
Agricultural leasing	11,106,413	11,049,172
Compensation payments	100,577	101,618
Easement payments	168,215	97,533
Interest	991,750	949,552
Land leases	1,463,889	400,727
Less: transfers	(12,217,155)	(12,541,241)
	3,617,913	1,960,639
Akers trust		
Akers Claim No. 1	627,197	626,070
Akers Claim No. 2	215,268	424,180
	842,465	1,050,250
	\$ 64,918,981	\$ 59,451,927

The Ottawa trust accounts arise from moneys 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. Sections 63 to 69 of the Indian Act primarily govern the management of these funds.

Akers Claim No. 1 and Akers Claim No. 2 are invested for the future benefit of the Tribe in a trust created by the Blood Tribe. Trustees appointed by the Chief and Council of the Blood Tribe on terms and conditions set out in the specified Trust Agreement shall administer the trust. The Akers Claim No. 1 and Akers Claim No. 2 consist of cash in the amount of \$159,359 (2021 - \$323,559) bearing interest at 0.00% (2021 - 0.00%), and guaranteed investment certificates totaling \$683,106 (2021 - \$683,106), bearing interest ranging from 1.85% to 3.25% (2021 - 1.85% to 3.25%) and having maturity dates ranging from May 2023 to September 2024.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

9. Bank indebtedness:

The Blood Tribe has a consolidated blanket overdraft facility of \$3,000,000 for Tribe departments and entities, which incurs interest at prime plus 1.25% (2021 - prime plus 1.25%). Security pledged consists of Band Council Resolutions authorizing individual departments and entity borrowings up to a total of \$3,000,000, duly acknowledgement by the Department of Indigenous and Northern Affairs Canada. The blanket overdraft is assessed on an overall basis for all Blood Tribe departments and entities, positive bank balances are netted with bank indebtedness and the amount is assessed by the bank, overall the Blood Tribe is in a positive net cash balance. As at March 31, 2022, the prime rate used by Bank of Nova Scotia was 2.70% (2021 - 2.45%)

10. Accounts payable and accruals:

	2022	2021
Accounts payable and accrued liabilities	\$ 20,614,389	\$ 14,711,403
Payable to trusts and estates - Lands	2,565,665	2,160,602
Payable to Land Occupants - Lands	40,386	32,298
	<hr/> \$ 23,220,440	<hr/> \$ 16,904,303

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

11. Deferred revenue:

The following table represents changes in the deferred revenue balance attributable to individual reporting entities:

		Balance, beginning of year	Contributions received	Contributions brought into revenue	Balance, end of year
Blood Tribe Administration	\$ --	\$ 6,640,883	\$ --	\$ 6,640,883	
Blood Tribe First Nation Development Fund	890,559	1,625,250	69,667	2,446,142	
Blood Tribe Lands	42,024	1,857,992	1,626,323	273,693	
Blood Tribe Recreation	21,992	21,192	21,992	21,192	
Blood Tribe Economic Development	304,571	684,571	51,210	937,932	
Blood Tribe Public Works	6,940,588	11,158,141	5,700,235	12,398,494	
Blood Band Housing Authority	4,192,000	--	4,192,000	--	
Blood Tribe Family and Community Support Services	453,075	291,479	530,789	213,765	
Kainai Board of Education	2,950,626	5,982,603	6,154,585	2,778,644	
Red Crow Community College	283,039	1,403,520	283,039	1,403,520	
Blood Tribe Employment and Skills Training	60,000	--	60,000	--	
Kainaiwa Children's Services Corporation	100,000	--	--	100,000	
Kainaiwa Resources Inc.	75,000	11,525	5,000	81,525	
Blood Tribe Department of Health Inc.	1,086,495	2,176,283	2,164,472	1,098,306	
Blood Tribe Social Development	11,991,362	7,254,639	1,963,637	17,282,364	
	\$ 29,391,331	\$ 39,108,078	\$ 22,822,949	\$ 45,676,460	

Blood Tribe First National Development Fund deferred revenue relates to First Nations Development Fund funds that have been received from a number of programs that have not yet been undertaken or for programs that have not been fully expensed as of March 31, 2022.

Administration, Lands, Recreation, Public Works, Kainai Education Society, Children Services and Kainawa Resources Inc. deferred revenue relates to Federal and Provincial funds that have been received for capital expenditures and programs that have not yet been undertaken or for capital expenditures and programs that have not been fully expensed as of March 31, 2022.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

12. Long-term debt:

	2022	2021
Blood Tribe Family and Community Support Services	\$ 32,903	\$ --
Blood Tribe Department of Health	1,363,934	1,500,974
Blood Tribe Lands	--	3,967
Blood Indian Band Housing Society	24,642,611	25,708,840
Blood Tribe Public Works	116,754	71,295
Kainaiwa Children's Services Corporation	2,331,271	2,527,389
Kainai Resources Inc.	40,000	40,000
Kainai Marketplace Ltd.	2,247,841	2,442,055
	30,775,314	32,294,520
Less: current portion	4,308,544	4,672,924
	\$ 26,466,770	\$ 27,621,596

Principal repayments on debt over the next five year are; assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2023 - \$4,308,544; 2024 - \$1,800,000; 2025 - \$1,700,000; 2026 - \$2,400,000; 2027 - \$1,600,000; and thereafter- \$18,966,770.

Mortgages, loans and finance contracts bear interest ranging from 0.00% to 4.99% (2021 - 0.00% to 4.99%).

Security pledged on all mortgages, loans and finance contracts consists of Government of Canada ministerial guarantees, guarantees by the Blood Tribe, assignment of fire insurance, a guarantee by the Ottawa Trust accounts and specific equipment.

Cash interest paid on long-term debt during the year amounted to \$1,755,241 (2021 - \$1,634,506).

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

13. Contingencies, commitments and guarantees:

The Tribe has been named as defendant under various claims for general matters. Management has assessed the success of these claims as unlikely and/or has ensured adequate insurance is in place. Accordingly, no provision has been made in these consolidated financial statements.

As at March 31, 2022, Blood Tribe Administration and Blood Tribe Revenue Fund have guaranteed the credit facility mortgages and term loans of several related departments and entities. These guarantees are collateralized by Band Council Resolutions, co-signed by the Tribe and the Departments and a mortgage over certain Department assets. Payment under this guarantee, which will remain in place until loan and mortgage amounts are fully repaid, is required if the related department and entities default on payment. As of March 31, 2022, no liability (2021 - no liability) has been recorded associated with this guarantee. The total guarantee is \$nil (2021 - \$nil) and includes the following departments and entities: Blood Indian Band Housing Society and Economic Development.

The Blood Band Housing Authority has an obligation to repay any Residential Rehabilitation Assistance Program funding received where a qualifying homeowner did not comply with the terms of the assistance program. The amount and likelihood of a potential obligation is not determinable at the consolidated financial statement date.

The Blood Band Housing Authority is contingently liable for contractor's obligations relating to performance and completion of construction contracts. Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operation of the Blood Tribe.

The Blood Indian Band Housing Society is required by CMHC to meet certain requirements for replacement reserves and operating surplus reserves, which they are currently not in compliance with. The impact of these breaches is not determinable at this time and the liabilities resulting, if any, will be accounted for as an expense in the period the Blood Tribe becomes aware of them. The Department has agreed with CMHC on a 5 year repayment plan to repay the underfunded reserves.

The Blood Tribe Public Works operates a gravel pit to supply raw materials used in the ongoing maintenance of roads. The Department is responsible for the costs of reclaiming the gravel pits at the end of the production in accordance with provincial legislation. As at March 31, 2022, no amounts have been accrued for the reclamation costs as the liability cannot be reliably determined.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

14. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2022	2021
Equity in tangible capital assets	\$ 177,324,992	\$ 140,507,471
Equity in business enterprises	22,834,979	22,406,169
Equity in trust funds	64,918,981	59,451,927
Unrestricted accumulated surplus	67,823,727	54,499,916
Replacement Reserves	1,467,193	1,901,101
	\$ 334,369,872	\$ 278,766,584

Blood Indian Band Housing Society:

Under the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC") the replacement reserve account is to be credit in amounts negotiated at the time of the annual budget approval by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts as may be approved by CMHC from time to time. Withdrawals are charged to interest first and then principal.

15. Defined contribution plan:

The Tribe has a defined contribution pension plan covering substantially all full-time employees. Each participant selects a contribution level of 2.5% - 5.5% of salary. The Tribe matches the participant's contribution. Pension expense in the amount of \$1,809,528 (2021 - \$1,756,823) is included with salaries and benefits. There have been no changes to the pension plan in the current year.

16. Government transfers:

During the year, the Tribe recognized the following government transfers:

	2022	2021
Indigenous and Northern Affairs Canada (note 17)	\$ 145,848,206	\$ 151,734,729
First Nations Development Fund	1,625,250	1,676,301
Canada Mortgage and Housing Corporation	6,140,872	1,813,319
Community Futures Treaty 7	3,617,932	2,736,162
Public Safety Canada - Police Services	3,975,920	3,870,100
Alberta Justice - Police Services	3,670,080	3,573,391
Other provincial and federal funding	27,207,754	15,213,604
	\$ 192,086,014	\$ 180,617,606

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

17. Indigenous Services Canada Funding:

	Block	Fixed	Flexible	Set	Total received/ receivable	Total received/ receivable	Inter entity transfer	Transfers to deferred revenue	Transfers from deferred revenue	Total recognized as revenue
Agricultural programs ⁽²⁾	\$ --	\$ --	\$ --	\$ 47,000	\$ 47,000	\$ 47,000	\$ --	\$ --	\$ --	\$ 47,000
Bus Co-op	5,863,250	--	--	--	5,863,250	5,863,250	--	--	--	5,863,250
Chief and Council ⁽¹⁾	2,195,852	--	--	--	2,195,852	2,195,852	--	--	--	2,195,852
Department of Health Inc.	16,649,598	2,554,843	5,042,357	3,180,675	27,427,473	27,427,473	--	(1,901,616)	--	25,525,857
Economic Development	745,100	684,571	--	--	1,429,671	1,429,671	--	(633,361)	--	796,310
Employment and Skills Training	80,000	69,370	--	--	149,370	149,370	--	--	60,000	209,370
Family and Community Support Services	2,847,376	507,369	--	--	3,354,745	3,354,745	--	--	--	3,354,745
Finance ⁽¹⁾	867,549	--	--	--	867,549	867,549	--	--	--	867,549
Housing	2,433,987	110,142	--	--	2,544,129	2,544,129	--	--	--	2,544,129
Human Resources ⁽¹⁾	432,615	--	--	--	432,615	432,615	--	--	--	432,615
Kainai Education Society	22,038,033	7,560,797	--	--	29,598,830	29,598,830	--	(874,682)	229,342	28,953,490
Kainai Developments Ltd.	104,456	--	--	--	104,456	104,456	--	--	--	104,456
Kainaiwa Children Services Corporation	801,000	15,171,335	--	--	15,972,335	15,972,335	--	--	--	15,972,335
Lands	--	246,212	--	--	246,212	246,212	--	(9,714)	--	236,498
Management ⁽¹⁾	853,948	--	--	--	853,948	853,948	--	--	--	853,948
Membership ⁽¹⁾	286,312	2,725	--	--	289,037	289,037	--	--	--	289,037
Payroll ⁽¹⁾	613,700	--	--	--	613,700	613,700	--	--	--	613,700
Public Relations ⁽¹⁾	482,348	--	--	--	482,348	482,348	--	--	--	482,348

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

17. Indigenous Services Canada Funding: (continued)

	Block	Fixed	Flexible	Set	Total received/ receivable	Total received/ receivable	Inter entity transfer	Transfers to deferred revenue	Transfers from deferred revenue	Total recognized as revenue
Public Services ⁽¹⁾	1,595,820	6,086,584	2,561,250	--	10,243,654	10,243,654	--	(5,223,862)	--	5,019,792
Public Works	5,660,036	13,357,369	--	--	19,017,405	19,017,405	--	(10,998,494)	10,998,494	19,017,406
Real Estate	482,561	--	--	--	482,561	482,561	--	--	--	482,561
Recreation and Parks	1,707,075	367,784	--	--	2,074,859	2,074,859	--	--	--	2,074,859
Red Crow Community College	9,005,625	3,761,484	--	--	12,767,109	12,767,109	--	(574,371)	--	12,192,737
Social Development	14,065,925	3,846,749	3,609,660	--	21,522,334	21,522,334	--	(5,291,003)	--	16,231,331
Tribal Government ⁽¹⁾	1,374,286	--	--	--	1,374,286	1,374,286	--	--	--	1,374,286
St. Mary's Construction ⁽²⁾	112,745	--	--	--	112,745	112,745	--	--	--	112,745
	\$ 91,299,197	\$ 54,327,334	\$ 11,213,267	\$ 3,227,675	\$ 160,067,473	\$ 160,067,473	\$ --	\$ (25,507,103)	\$ 11,287,836	\$ 145,848,206

(1) Departments are reported with the Blood Tribe Administration reporting department and total ISC funding recognized was \$12,129,127.

(2) Reporting entity ISC funding is reported within the Blood Tribe Revenue Fund department.

BLOOD TRIBE

Notes to Consolidated Financial Statements
Year ended March 31, 2022

18. Economic dependence:

The Tribe receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Blood Tribe to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

19. Budget information:

The disclosed budget information has been approved by the Chief and Council of the Blood Tribe on May 14, 2021.

20. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

21. Contractual rights

Contractual rights are rights of the Blood Tribe to economic resource arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

22. Contractual Obligations

The Blood Tribe has contractual obligations which are commitments that will become liabilities in the future when the terms of the contracts or agreements are met.

Service contracts include contractual obligations the Blood Tribe has entered into for services. Capital projects include contractual obligations for the construction or purchase of capital items.