

Financial Statements of

**BLOOD TRIBE ECONOMIC
DEVELOPMENT**

And Independent Auditor's Report thereon

March 31, 2023

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 Department's financial position as at March 31, 2023 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 Department'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 AUDITOR'S REPORT

To the Chief and Council and Members of the Blood Tribe:

Opinion

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

- the statement of financial position as at March 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2023 and 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Department 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 the financial statements in accordance with the 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 the financial statements, management is responsible for assessing the Department'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 Department or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Department's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 the 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 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 Department'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 Department'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 Department to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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" in a stylized, cursive font, with a horizontal line underneath.

Chartered Professional Accountants

Lethbridge, Canada

July 27, 2023

BLOOD TRIBE ECONOMIC DEVELOPMENT

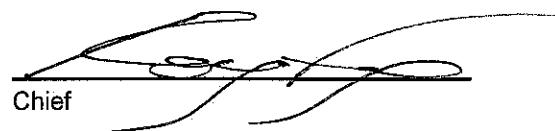
Statement of Financial Position

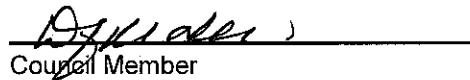
March 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash and cash equivalents (note 4)	\$ 1,464,703	\$ 1,484,168
Accounts receivable	3,139	2,615
Advances to Blood Tribe entities and departments (note 5)	6,697,500	6,749,583
Total financial assets	8,165,342	8,236,366
Financial liabilities		
Accounts payable and accrued liabilities	28,247	271
Employee future benefits	37,785	37,411
Advances from Blood Tribe entities and departments (note 6)	737,572	700,483
Long term debt (note 7)	--	2,247,841
Deferred revenue (note 8)	887,917	937,932
Total financial liabilities	1,691,521	3,923,938
Net financial assets	6,473,821	4,312,428
Non-financial assets		
Tangible capital assets (schedule 1)	4,633,286	4,913,683
Investment in artwork	8,021	8,021
Total non-financial assets	4,641,307	4,921,704
Accumulated surplus (note 9)	\$ 11,115,128	\$ 9,234,132

See accompanying notes to financial statements.

On Behalf of the Blood Tribe


Chief



Council Member

BLOOD TRIBE ECONOMIC DEVELOPMENT

Statement of Operations and Accumulated Surplus
Year ended March 31, 2023, with comparative information for 2022

	Budget	2023	2022
Revenue:			
Indigenous Service Canada ("ISC") - Block	\$ 745,100	\$ 844,269	\$ 745,100
Interest income	--	585,000	372,500
Other revenue	65,592	405,698	479,738
ISC - Fixed	--	50,015	51,210
	810,692	1,884,982	1,648,548
Expenses:			
Special projects	309,535	545,739	403,531
Salaries and benefits	421,109	404,259	354,527
Office supplies and rent	77,604	74,831	56,628
Training	5,400	56,568	58,287
Repairs and maintenance	8,600	52,489	20,181
Professional fees	22,400	39,600	44,620
Travel	30,000	24,544	1,167
Grant and small business program	--	15,117	39,101
Youth and disability program	--	11,047	14,465
Insurance	--	9,659	8,083
Miscellaneous	5,590	8,321	2,415
Promotion	5,000	8,187	1,332
Bank and interest charges	1,200	986	878
Bad debt expense	--	--	32,283
Program expenses	8,000	--	1,000
Elders grant program	--	--	1,000
Amortization	--	280,397	284,622
	894,438	1,531,744	1,324,120
Excess (deficit) of revenue over expenses before undernoted items	(83,746)	353,238	324,428
Other revenue			
Forgiven debt from Kainai Market Place	--	1,527,758	--
Excess of revenue over expenses	--	1,880,996	324,428
Accumulated surplus, beginning of year	9,234,132	9,234,132	8,909,704
Accumulated surplus, end of year	\$ 9,150,386	\$ 11,115,128	\$ 9,234,132

See accompanying notes to financial statements.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Statement of Changes in Net Financial Assets

Year ended March 31, 2023, with comparative information for 2022

	Budget	2023	2022
Annual surplus	\$ --	\$ 1,880,996	\$ 324,428
Amortization	--	280,397	284,622
Changes in net assets	--	2,161,393	609,050
Net assets, beginning of year	--	4,312,428	3,703,378
Net assets, end of year	\$ --	\$ 6,473,821	\$ 4,312,428

See accompanying notes to financial statements.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in)		
Operating activities:		
Excess of revenue over expenses	\$ 1,880,996	\$ 324,428
Non-cash items:		
Amortization	280,397	284,622
Forgiven debt from Kainai Market Place	(1,695,758)	--
	465,635	609,050
Changes in working capital accounts:		
Accounts receivable	(524)	30,531
Accounts payable and accrued liabilities	27,976	(12,004)
Employee future benefits	374	20,092
Deferred revenue	(50,015)	633,361
	443,446	1,281,030
Financing activities		
Repayments of long-term debt	--	(157,509)
Payments on advances from Blood Tribe entities and departments	37,089	(2,844)
	37,089	(160,353)
Investing activities		
Advances to Blood Tribe Entities and departments	(500,000)	(287,500)
Cash and cash equivalents, beginning of year	1,484,168	650,991
Cash and cash equivalents, end of year	\$ 1,464,703	\$ 1,484,168

See accompanying notes to financial statements.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

1. Operations:

The Blood Tribe Economic Development (the "Department") is located in the province of Alberta, and is responsible for the initiation and administration of economic development projects on the Blood Tribe Reserve. The Blood Tribe is exempt from tax under Section 149 of the Income Tax Act.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian Public sector accounting standards set out in the CPA Canada Handbook - Public Sector Accounting and are consistent with accounting policies set out by the Department of Indigenous Service Canada ("ISC"). Significant aspects of the accounting policies adopted by the Department are as follows:

(a) Basis of presentation

Revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable under the terms of applicable funding agreements; expenses are recognized as they are incurred and measurable as a result of the receipts of goods or services and the creation of a legal obligation to pay.

These financial statements reflect only the assets, liabilities, revenues and expenses of the Department and therefore do not include any other assets, liabilities, revenue and expenses of the Blood Tribe.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and in bank deposits. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

(c) Tangible capital assets:

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

(d) Amortization:

Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

	Rate
Buildings	20 years
Kainai Market Place	20 years
Equipment	5 years
Wind power equipment	5 years
Power equipment	5 years

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

2. Significant accounting policies: (continued)

(e) Long-lived assets:

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

The Department 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.

(f) Investment in business enterprises:

The Department follows the modified equity method to account for its investment in the business enterprises. The investment is stated at cost plus (less) the Department'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, 2023. The business enterprises' accounting principles have not been adjusted to conform to those of the Department.

(g) Revenue recognition:

Indigenous Service Canada ("ISC")

ISC (reported as ISC block and fixed contributions) revenue is recognized as it becomes available under the terms of the applicable funds transfer agreement.

Band Capital and Revenue Funds

The Department recognizes revenue of the Capital and Revenue Fund at the time funds are withdrawn from the accounts held in Ottawa. A Band Council Resolution is approved and submitted by Chief and Council with final approval for the withdrawal given.

Other revenue

All other revenue is recognized in the period in which the amount can be measured and collection is reasonable assured.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

2. Significant accounting policies: (continued)

(h) Use of estimates:

The preparation of the 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 financial statements, and reported amounts of revenue and expenses during the reporting period. Accounts receivable and advances to related Blood Tribe entities and departments, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Investment in government business enterprises are accounted for using the modified equity method and based upon the Entity's financial reporting. Employees future benefits is determined by management's assumptions and estimates which rely on historical experience, expectation about future economic factors and knowledge of operational changes. Amortization is based on the estimated useful lives of the tangible capital assets.

(i) Employee future benefits:

Certain classes of employees accumulate a sick time accrual at a rate of 1.25 days for each month employed. This accumulated absence does not vest but does carry forward as long as the individual is employed. Management reviews and updates the key assumptions and information on an ongoing basis to estimate the compensated absence liability.

The costs of these benefits are determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefit.

(j) Asset retirement obligation:

The recognition of a liability for asset retirement obligation is predicated upon an estimate of the amount necessary to cover the costs of remediation, monitoring, and disposal of the asset in the event that the Department is legally obligated to assume responsibility for these expenditures. This estimate must also account for the anticipated forfeiture of future economic benefits and be reasonably determinable based on the information available as of March 31, 2023.

At each fiscal reporting interval, the Department conducts a review of the carrying amount of the liability, with any necessary revisions being accounted for in the period in which they are made. The Department is obligated to continue recognizing the liability until such time as it is settled or extinguished by other means. Disbursements made to settle the liability are subtracted from the reported liability in the period during which they occur.

After conducting an assessment of the legislative requirements, management has concluded that there are no asset retirement obligations applicable to the Department. Consequently, as of March 31, 2023, no liability for asset retirement obligation has been accrued in these financial statements.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

3. New and proposed accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board ("PSAB"). In 2024, the Department will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards are eligible for early adoption while others must be adopted concurrently.

(a) 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, 2023.

Management has indicated that the impact of the adoption of this standard is being evaluated and it is not known or reasonably estimated at this time.

During the year, the Department adopted the following standards: PS 1201, PS 3450, PS 2601, PS 3041 and PS 3280.

4. Cash and cash equivalents:

Cash and cash equivalents consist of the following:

	2023	2022
Cash	\$ 1,449,121	\$ 1,468,586
Peace Hill Trust guaranteed investment certificated bearing interest at 2.50%, maturing March 30, 2023	15,582	15,582
	<hr/> \$ 1,464,703	<hr/> \$ 1,484,168

5. Advances from Blood Tribe entities and departments :

	2023	2022
Kainai Marketplace Ltd.	\$ --	\$ 552,083
1757051 Alberta Ltd.	6,697,500	6,197,500
	<hr/> \$ 6,697,500	<hr/> \$ 6,749,583

These entities and departments are all related by virtue of being under common control of the Blood Tribe Chief and Council. The advances to Kainai Marketplace Ltd. are unsecured, non-interest bearing and are due on demand.

The advances to 1757051 Alberta Ltd., related to the Blood Tribe contribution for the KainaiLink LP for the joint venture with Altalink. This loan bears interest of prime rate plus 5.0% and is set annually. In addition, the Development charged 1757051 Alberta Ltd. charges for administration and management of the KainaiLink LP project. At March 31, 2023 prime was 6.70% (2022 - 2.45%).

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

6. Advances to Blood Tribe entities and departments :

	2023	2022
Kainaiwa Developments Ltd.	\$ 521,888	\$ 512,888
Blood Tribe Administration	215,684	187,595
	\$ 737,572	\$ 700,483

These advances are unsecured, non-interest bearing and are due on demand. These entities and departments are all related by virtue of being under the common control of the Blood Tribe Chief and Council.

7. Long-term debt:

	2023	2022
Debt forgiven during the year	\$ --	\$ 2,183,556
Debt forgiven during the year	--	64,285
	--	2,247,841
Less: current portion	--	165,034
	\$ --	\$ 2,082,807

The loan from Kainai Marketplace Ltd. relates to the BMO term loan assigned to Kainai Marketplace Ltd. for the construction of the grocery store building which is reported as a tangible capital asset in the Department. The debt service is offset by monthly rent payments from Kainai Marketplace Ltd. During the year, Chief and Council settled the remaining obligation with BMO upon renewal, pursuant to the repayment, the Department has recognized forgiven debt in other revenues.

As at March 31, 2023, there are no repayment obligations to Chief and Council.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

8. Deferred revenue:

Deferred revenue as at March 31, 2023 consists of the following:

	2022	Received	Recognized	2023
ISC-Q3QP-Indigenous community business fund (2021)	\$ 253,361	\$ --	\$ (50,015)	\$ 203,346
ISC-Q3QP-Indigenous community business fund (2022)	684,571	--	--	684,571
	\$ 937,932	\$ --	\$ (50,015)	\$ 887,917

9. Accumulated surplus:

Accumulated surplus is comprised of the following:

	2023	2022
Equity in tangible capital assets	\$ 4,633,286	\$ 2,665,842
Unrestricted accumulated surplus	6,481,842	6,568,290
	\$ 11,115,128	\$ 9,234,132

10. Defined contribution plan:

The Department 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 Department matches the participant's contribution. Pension expense in the amount of \$15,480 (2022 - \$14,743) is included with salaries and benefits. There have been no changes to the pension plan in the current year.

BLOOD TRIBE ECONOMIC DEVELOPMENT

Notes to Financial Statements
Year ended March 31, 2023

11. Related party transactions:

During the year, the Department conducted the following transactions with related Blood Tribe departments and entities. These departments and entities are all related by virtue of being under common control of the Blood Tribe Chief and Council. All transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

The Department is related to other Entities and Departments of the Blood Tribe, due to their common control under Chief and Council. Key management personnel of the Department and their close family members are also considered related parties. The Department may enter into transactions with these entities and individuals in the normal course of operations and on normal terms.

	2023	2022
Blood Tribe Administration	\$ 129,698	\$ --
Blood Tribe Recreation and Parks	3,600	--
Blood Tribe Department of Health	524	--

12. Economic dependence:

The Department receives a significant portion of its revenue from Indigenous Service 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 Department to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

13. Remuneration and expenses

Position	Number of months	Salary	Other remuneration	Subtotal	Travel expenses	Total 2023	Total 2022
Director	12	\$ 112,481	\$ --	\$ 112,481	\$ 11,368	\$ 123,849	\$ 115,087

14. Budget information:

The disclosed budget information has been approved by the Chief and Council of the Blood Tribe on April 20, 2022.