

**Sturgeon Lake Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2018**

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# **Sturgeon Lake Cree Nation**

## **Consolidated Financial Statements**

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**March 31, 2018**

**Page**

**Management's Responsibility for Financial Reporting**

**3**

**Independent Auditors' Report**

**4**

### **Financial Statements**

Consolidated Statement of Financial Position

**5**

Consolidated Statement of Operations and Accumulated Surplus

**6**

Consolidated Statement of Change in Net Debt

**7**

Consolidated Statement of Cash Flow

**8**

Notes to Consolidated Financial Statements

**9 - 24**

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## Sturgeon Lake Cree Nation

### Management's Responsibility for Financial Reporting

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March 31, 2018

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The accompanying consolidated financial statements of Sturgeon Lake Cree Nation are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

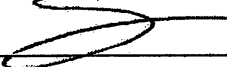
Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Sturgeon Lake Cree Nation and meet when required.

On behalf of Sturgeon Lake Cree Nation:

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councilor

July 27, 2018  
Date

July 27, 2018  
Date



## Independent Auditors' Report

### To the Members of Sturgeon Lake Cree Nation

Crowe MacKay LLP  
Member Crowe Horwath International  
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We have audited the accompanying consolidated financial statements of Sturgeon Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net debt, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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 First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sturgeon Lake Cree Nation First Nation as at March 31, 2018, and the results of its operations, the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Canada  
July 27, 2018

*Crowe MacKay LLP*  
Chartered Professional Accountants

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**Sturgeon Lake Cree Nation****Consolidated Statement of Financial Position**

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March 31	2018	2017
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**Financial Assets**

Cash (Note 2)	\$ 652,991	\$ -
Accounts receivable (Note 3)	2,106,006	2,493,422
Investments and advances (Note 4) (Note 20)	2,520,475	3,583,876
Loans Receivable (Note 5)	-	27,244
Deposit	-	98,859
Trust Funds (Note 6)	4,345,168	4,497,073
	<u>9,624,640</u>	<u>10,700,474</u>

**Liabilities**

Bank indebtedness (Note 2)	-	188,832
Accounts payable (Note 7)	3,266,564	1,306,019
Deferred revenue (Note 8)	2,837,103	3,228,061
Long-term debt (Note 9)	14,270,821	14,715,432
	<u>20,374,488</u>	<u>19,438,344</u>

<b>Net debt</b>	<b>(10,749,848)</b>	<b>(8,737,870)</b>
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**Non-financial Assets**

Capital assets (Note 10)	50,599,013	48,767,912
Prepaid expenses	41,363	66,277
	<u>50,640,376</u>	<u>48,834,189</u>

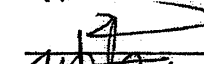
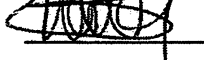
<b>Accumulated Surplus (Note 11)</b>	<b>\$ 39,890,528</b>	<b>\$ 40,096,319</b>
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Contingencies (Note 13)

Agricultural Benefit Settlement Claim (Note 15)

**Approved on behalf of the Sturgeon Lake Cree Nation**

	Chief
	Councilor

# Sturgeon Lake Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
<b>Revenue</b>			
Western Cree Tribal Council	\$ 6,988,362	\$ 11,059,302	\$ 8,747,886
Health Canada	1,554,980	1,694,924	1,592,643
Government of Alberta	135,000	135,000	131,399
Rental Income	-	239,607	423,317
First Nation Development Funds	806,277	882,329	1,070,230
CMHC revenue	792,212	1,112,082	1,370,243
First Nation companies (Note 20)	-	(948,213)	(533,080)
Ottawa Trust Fund revenue	-	148,718	66,089
Sturgeon Lake Trust Fund revenue	-	(4,973)	(8,256)
Western Cree Tribal Council - Surplus Distribution	-	1,297,000	-
Other revenue	336,501	2,352,868	4,517,793
	<b>10,613,332</b>	<b>17,968,644</b>	<b>17,378,264</b>
<b>Expenses (Note 20)</b>			
Band Government	1,186,368	2,104,537	1,667,029
Community Services	498,999	868,330	583,582
Economic Development	714,572	643,565	887,309
Education	2,133,693	2,820,911	2,826,116
Health	1,554,980	1,661,140	1,564,690
Housing	1,582,975	3,016,992	2,936,746
Operations and Maintenance	573,713	2,814,887	1,550,411
Social Services	1,561,755	1,405,247	2,001,098
Amortization	-	2,838,685	2,869,846
Other	806,277	141	510,090
	<b>10,613,332</b>	<b>18,174,435</b>	<b>17,396,917</b>
<b>Deficiency of revenue over expenses</b>	-	(205,791)	(18,653)
<b>Accumulated surplus, beginning of year</b>	-	40,096,319	40,114,972
<b>Accumulated surplus, end of year</b>	\$ -	\$ 39,890,528	\$ 40,096,319

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## Sturgeon Lake Cree Nation

### Consolidated Statement of Change in Net Debt

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For the year ended March 31

		2018 Budget	2018 Actual	2017 Actual
Deficiency of revenue over expenses	\$	-	\$ (205,791)	\$ (18,653)
Acquisition of capital assets		-	(4,669,786)	(1,412,594)
Amortization of capital assets		-	2,838,685	2,869,846
Disposal of capital assets		-	-	45,816
		-	(1,831,101)	1,503,068
(Acquisition) use of prepaid asset		-	24,914	(6,266)
(Decrease) increase in net financial assets		-	(2,011,978)	1,478,149
Net debt, beginning of year		-	(8,737,870)	(10,216,019)
Net debt, end of year	\$	-	\$ (10,749,848)	\$ (8,737,870)

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# Sturgeon Lake Cree Nation

## Consolidated Statement of Cash Flow

For the year ended March 31,	2018	2017
<b>Cash flows from</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (205,791)	\$ (18,653)
Items not affecting cash		
Amortization	2,838,685	2,869,846
	2,632,894	2,851,193
Change in non-cash operating working capital		
Accounts receivable	387,416	(938,714)
Prepaid expenses	24,913	(6,265)
Investments and advances	1,063,401	(260,414)
Accounts payable	1,960,545	(1,914,362)
Deferred revenue	(390,958)	1,328,213
Loan receivable	27,244	32,693
Deposit	98,859	(98,859)
	5,804,314	993,485
<b>Capital activities</b>		
Purchase of capital assets	(4,669,786)	(1,412,594)
Proceeds on disposition of capital assets	-	45,816
	(4,669,786)	(1,366,778)
<b>Financing activities</b>		
Repayment on long term debt	(819,860)	(766,202)
Advances on long term debt	375,250	1,285,914
Ottawa Trust Funds	146,932	(66,089)
	(297,678)	453,623
<b>Investing activities</b>		
Trust funds	4,973	8,256
<b>Increase in cash and cash equivalents</b>	<b>841,823</b>	<b>88,586</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>(188,832)</b>	<b>(277,418)</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 652,991</b>	<b>\$ (188,832)</b>
<b>Represented by</b>		
Cash	\$ 652,991	\$ -
Bank indebtedness	-	(188,832)
	\$ 652,991	\$ (188,832)



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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2018

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### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### (a) Reporting entity principles of financial reporting

The Sturgeon Lake Cree Nation reporting entity includes the Sturgeon Lake Cree Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Sturgeon Lake Cree Nation.

First Nation business enterprises, that are owned or controlled by the Sturgeon Lake Cree Nation Council and that are not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method, in accordance with the Public Sector Accounting Recommendations.

The modified equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Enterprises accounted for by the modified equity basis include:

1. Sturgeon Lake Developments Co. Ltd.
2. Sturgeon Lake Resources Ltd.

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

#### (b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2018

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (c) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (d) Investments

Long-term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

#### (e) Tangible capital assets

Capital assets are recorded at cost except for reserve lands, natural resources and cultural resources which are not recorded.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	5% Declining balance
Automotive equipment	30% Declining balance
Computer equipment	30% Declining balance
Equipment	20% Declining balance
Infrastructure	4% - 5% declining balance

Capital assets are written down when conditions indicate that they no longer contribute to Sturgeon Lake Cree Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

#### (f) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements, together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2018

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### 1. Basis of Presentation and Significant Accounting Policies (continued)

#### (g) Use of estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### 2. Cash

	2018	2017
Externally restricted		
First Nation Development Fund	\$ 301,982	\$ 612
CMHC Replacement Reserve	454,857	132,835
	<b>756,839</b>	<b>133,447</b>
Unrestricted		
General accounts	(103,848)	(322,279)
	<b>\$ 652,991</b>	<b>\$ (188,832)</b>

### 3. Accounts receivable

	2018	2017
Accounts receivables - general	\$ 294,457	\$ 631,057
Health Canada	-	99,000
First Nation Development Fund	572,800	213,095
Western Cree Tribal Council	1,213,247	1,525,468
Member receivables	7,985,793	7,006,455
Related party - Sturgeon Lake Cree Nation Trust Program	25,302	24,802
	<b>10,091,599</b>	<b>9,499,877</b>
Allowance for doubtful accounts	(7,985,593)	(7,006,455)
	<b>\$ 2,106,006</b>	<b>\$ 2,493,422</b>

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2018

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#### 4. Investments and Advances

	2018	2017
United Farmers of Alberta Co-operative Limited (at cost)	\$ 115,963	\$ 127,412
Sturgeon Lake Resources Ltd. (Note 20)	2,267,791	3,319,864
Sturgeon Lake Developments Co. Ltd. (Note 20)	136,721	136,600
	<b>\$ 2,520,475</b>	<b>\$ 3,583,876</b>

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#### 5. Loans Receivable

	2018	2017
Iwantwireless.ca loan received in full during the year.	\$ -	\$ 27,244

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#### 6. Trust Funds

##### (a) Ottawa Trust Funds

The Ottawa Trust Funds in the amount of \$1,050,582 (2017 - \$1,197,514) arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by Sections 64 and 69 of the Indian Act.

These Ottawa Funds are held in trust in the Consolidated Revenue fund of the Government of Canada. The funds earn interest as specified in Section 61(2) of the Indian Act.

##### (b) Sturgeon Lake Cree Nation Trust Fund

The Sturgeon Lake Cree Nation Trust Fund in the amount of \$3,294,586 (2017: \$3,299,599) is held for the use and benefit of the members of the Sturgeon Lake Cree Nation. These funds are accounted for as received and the release of such funds are subject to the approval of the Board of Directors of the Trust Program.

	2018	2017
Ottawa Trust Funds - Capital	\$ 448,942	\$ 743,438
Ottawa Trust Funds - Revenue	601,640	454,076
Total Ottawa Trust Funds	<b>1,050,582</b>	<b>1,197,514</b>
Sturgeon Lake Cree Nation Trust Program	<b>3,294,586</b>	<b>3,299,559</b>
	<b>\$ 4,345,168</b>	<b>\$ 4,497,073</b>

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 7. Accounts payable

	2018	2017
Accounts payable - trade	\$ 2,914,050	\$ 1,092,604
Payable to members	185,000	185,000
Government remittances	2,912	28,415
Western Cree Tribal Council	164,602	-
	<b>\$ 3,266,564</b>	<b>\$ 1,306,019</b>

### 8. Deferred Revenue

Deferred revenue represents funds received, that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been completed. The deferred revenue relates to the following programs and funders:

	March 31, 2017	Funding Received	Revenue Recognized	March 31, 2018
ISC - School Renovations	\$ 1,195,338	\$ 1,138,972	\$ 1,382,511	\$ 951,799
ISC - Capital Planning School	150,000	-	51,280	98,720
ISC - Fire Truck	301,141	-	301,141	-
ISC - Capacity Development	262,465	-	70,855	191,610
ISC - O&M Recycling Bins	44,447	-	44,447	-
ISC - Special Education	163,091	232,874	208,486	187,479
ISC - Social Services	48,355	1,566,121	1,566,121	48,355
ISC - Band Operated Schools	-	819,845	789,151	30,694
ISC - Economic Development	-	154,234	-	154,234
First Nation Development Fund	865,345	795,912	882,328	778,929
ASETS Program	97,327	653,792	626,128	124,991
Health Canada	80,552	1,614,372	1,694,924	-
Post-Secondary - NOVA Gas	20,000	-	20,000	-
Building Collaboration and Capacity Grant	-	270,293	-	270,293
	<b>\$ 3,228,061</b>	<b>\$ 7,246,415</b>	<b>\$ 7,637,372</b>	<b>\$ 2,837,104</b>

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2018

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#### 9. Long-term debt

	2018	2017
CMHC mortgages bearing interest from 0.96% to 2.35%, repayable in monthly installments of \$71,702 including interest, maturing on various dates. Secured by a Ministerial Guarantee.	\$ 12,319,948	\$ 12,979,134
Loans payable to Peace Hills Trust bearing interest at 3.95% to 4.15%, repayable monthly installments of \$12,739 including interest, maturing on various dates. Secured by a Ministerial Guarantee.	1,633,092	1,733,691
Loan payable to John Deere Canada repaid during the year.	-	2,607
Loan payable to John Deere Canada bearing interest at 3.99%, repayable in monthly installments of \$6,909 including interest, maturing May 2022, secured by equipment with a net book value of \$339,266.	317,781	-
	14,270,821	14,715,432
Current portion	808,062	735,944
	\$ 13,462,759	\$ 13,979,488
Principal portion of long-term debt due within the next five years:		
2019	\$ 808,062	
2020	830,034	
2021	852,750	
2022	872,834	
2023 and thereafter	10,907,141	
	\$ 14,270,821	

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 10. Capital Assets

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2018 Net book value
Land	\$ 315,490	\$ -	\$ -	\$ 315,490	\$ -	\$ -	\$ -	\$ -	\$ 315,490
Buildings	60,639,038	3,516,773	-	64,155,811	24,424,450	1,898,648	-	26,323,098	37,832,713
Automotive equipment	3,680,357	613,308	-	4,293,665	3,101,582	265,629	-	3,367,211	926,454
Computer equipment	665,627	-	-	665,627	611,203	16,327	-	627,530	38,097
Equipment	3,562,615	468,236	(256,003)	3,774,848	2,657,633	151,020	(256,003)	2,552,650	1,222,198
Infrastructure	15,651,160	71,469	-	15,722,629	4,951,507	507,061	-	5,458,568	10,264,061
	<b>\$ 84,514,287</b>	<b>\$ 4,669,786</b>	<b>\$ (256,003)</b>	<b>\$ 88,928,070</b>	<b>\$ 35,746,375</b>	<b>\$ 2,838,685</b>	<b>\$ (256,003)</b>	<b>\$ 38,329,057</b>	<b>\$ 50,599,013</b>

	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2017 Net book value
Land	\$ 315,490	\$ -	\$ -	\$ 315,490	\$ -	\$ -	\$ -	\$ -	\$ 315,490
Buildings	60,077,299	561,739	-	60,639,038	22,533,201	1,891,249	-	24,424,450	36,214,588
Automotive equipment	3,564,822	178,645	(63,110)	3,680,357	2,902,999	215,877	(17,294)	3,101,582	578,775
Computer equipment	665,627	-	-	665,627	587,879	23,324	-	611,203	54,424
Equipment	3,562,615	-	-	3,562,615	2,431,387	226,246	-	2,657,633	904,982
Infrastructure	14,978,950	672,210	-	15,651,160	4,438,357	513,150	-	4,951,507	10,699,653
	<b>\$ 83,164,803</b>	<b>\$ 1,412,594</b>	<b>\$ (63,110)</b>	<b>\$ 84,514,287</b>	<b>\$ 32,893,823</b>	<b>\$ 2,869,846</b>	<b>\$ (17,294)</b>	<b>\$ 35,746,375</b>	<b>\$ 48,767,912</b>

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2018

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#### 11. Accumulated Surplus

	2018	2017
Operating fund	\$ (3,303,308)	\$ (2,037,110)
Capital Asset fund	36,328,193	34,052,480
Trust fund	4,345,168	4,497,073
Investment fund	2,520,475	3,583,876
	<b>\$ 39,890,528</b>	<b>\$ 40,096,319</b>

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#### 12. Line of Credit

The Nation has a line of credit to a maximum of \$250,000, with interest at the Peace Hills Trust prime rate plus 3.0%, secured by a general security agreement. At March 31, 2018, the Nation has used \$nil of this credit facility (2017 - \$nil).

#### 13. Contingent Liabilities

Government contributions related to the projects of Sturgeon Lake Cree Nation are subject to conditions regarding the expenditure of funds. The Nation's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies.

Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

Sturgeon Lake Cree Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of losses, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

#### 14. CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Band is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Cash of \$454,857 has been set aside to fund the reserve of \$1,694,076 which results in a unfunded amount of \$1,239,219.



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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2018

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#### 15. Agricultural Benefits Settlement Claim

In 2010, Sturgeon Lake Cree Nation submitted the Sturgeon Lake Cree Nation Treaty #8 Agricultural Benefits Specific Claim under Canada's Specific Claims Policy, alleging that Canada had failed to provide the Agricultural Benefits described in Treaty #8.

On April 2, 2013, Canada accepted the Treaty #8 Agricultural Benefits Specific Claim for negotiation. Sturgeon Lake Cree Nation and Canada reached a settlement agreement on June 29, 2017, which was ratified by the members of Sturgeon Lake Cree Nation. Under the agreement, the Nation was awarded \$143,228,312 from Canada.

Pursuant to the settled claim with Canada, Sturgeon Lake Cree Nation created Sturgeon Lake Cree Nation Trust to administer, manage, and hold in trust the awarded funds from the Agricultural Benefits Specific Claim.

The Sturgeon Lake Cree Nation provided Canada with an irrevocable direction to pay the Agricultural Benefit Funds of \$143,228,312 to the Sturgeon Lake Cree Nation Trust.

The receipt of the funds from Canada will be accounted for in the financial statements of the Sturgeon Lake Cree Nation Trust.

#### Sturgeon Lake Cree Nation Trust

The Sturgeon Lake Cree Nation Trust Agreement indicates the Trust funds are to be used for the following purposes:

- (a) to hold the Trust Funds for the benefit of the Beneficiaries and more particularly to hold one hundred (100%) percent of the portion of the Trust Fund held for distribution to Minor's in Minors' Investments; and
- (b) to make distributions , out of capital or income or both, to the Beneficiaries , after payment of Legal Fees and Administrative Costs in accordance with the provisions of the Trust.

Sturgeon Lake Cree Nation is not named as a beneficiary of the Trust, therefore, no trust fund assets or liabilities are recorded in the Sturgeon Lake Cree Nation financial statements.

#### 16. Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, long-term investments, trust funds, accounts payable, and long-term debt. Unless otherwise noted, the carrying value of its financial statements approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risks from its financial instruments. The Nation is subject to credit risk with respect to other income. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding is received from the Government of Canada, which minimizes credit risk. The Nation minimizes interest rate risk by borrowing at fixed rates.

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## **Sturgeon Lake Cree Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2018**

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#### **17. Budgeted Figures**

Budgeted figures have been provided by management for comparison purposes only and are unaudited.

#### **18. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 19. Investment in Government Business Enterprises

	Sturgeon Lake Resources Ltd.	Sturgeon Lake Developments Co Ltd.	2018 Total	2017 Total
Cash	\$ -	\$ 3,522	\$ 3,522	\$ 3,401
Accounts receivable	2,850,127	-	2,850,127	2,758,197
Prepaid expenses	1,626	-	1,626	5,467
Property and equipment	-	-	-	7,000
Property and equipment	4,119,983	136,200	4,256,183	4,637,768
Due from related party	230,720	13,271	243,991	140,251
<b>Total assets</b>	<b>\$ 7,202,456</b>	<b>\$ 152,993</b>	<b>\$ 7,355,449</b>	<b>\$ 7,552,084</b>

Bank indebtedness	\$ 81,248	\$ -	\$ 81,248	\$ 92,497
Accounts payable	2,605,165	3,001	2,608,166	2,007,191
Current portion of long term debt	266,429	-	266,429	157,395
Current portion of capital lease obligations	431,095	-	431,095	354,267
Long term debt	222,463	-	222,463	209,697
Line of credit	445,000	-	445,000	380,000
Capital lease obligations	652,546	-	652,546	754,322

<b>Total liabilities</b>	<b>4,703,946</b>	<b>3,001</b>	<b>4,706,947</b>	<b>3,955,369</b>
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<b>Equity</b>	<b>2,498,510</b>	<b>149,992</b>	<b>2,648,502</b>	<b>3,596,615</b>
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<b>Total equity</b>	<b>2,498,510</b>	<b>149,992</b>	<b>2,648,502</b>	<b>3,596,615</b>
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<b>Total liabilities and equity</b>	<b>\$ 7,202,456</b>	<b>\$ 152,993</b>	<b>\$ 7,355,449</b>	<b>\$ 7,551,984</b>
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	Sturgeon Lake Resources Ltd.	Sturgeon Lake Developments Co Ltd.	2018 Total	2017 Total
Revenue	\$ 9,044,291	\$ 45,812	\$ 9,090,103	\$ 14,501,286
Expenses	9,992,627	45,691	10,038,318	15,034,367
<b>Net income</b>	<b>\$ (948,336)</b>	<b>\$ 121</b>	<b>\$ (948,215)</b>	<b>\$ (533,081)</b>

	2018	2017
Advances to (from) Sturgeon Lake Resources Ltd.	\$ (230,719)	\$ (126,980)
Accumulated earnings	2,498,510	3,446,844
<b>Investment in and advances to Sturgeon Lake Resources Ltd.</b>	<b>\$ 2,267,791</b>	<b>\$ 3,319,864</b>

	2018	2017
Advances to (from) Sturgeon Lake Developments Co. Ltd.	\$ (13,271)	\$ (13,271)
Accumulated earnings - Sturgeon Lake Developments Co. Ltd.	149,992	149,871
<b>Investment in and advances to Sturgeon Lake Developments Co. Ltd.</b>	<b>\$ 136,721</b>	<b>\$ 136,600</b>

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2018

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#### 20. Expenditures by object

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
<b>Expenses</b>			
Advertising	\$ 10,300	\$ 11,005	\$ 12,920
Amortization - capital assets	-	2,838,685	2,869,846
Bad debts	-	43,617	28,832
Band member support	-	45,930	47,401
Contract fees	6,250	131,170	179,012
Cultural events	227,544	382,565	196,949
Education and tuition fees	653,188	709,505	804,288
Equipment rentals	31,166	83,977	106,519
Health Care Expenses	130,991	128,223	156,885
Insurance	123,000	401,350	424,422
Interest and bank charges	-	52,163	100,665
Interest on long term debt	563,996	279,724	287,243
Materials and supplies	163,796	508,228	455,619
Office supplies	42,313	54,772	93,594
Professional fees	79,103	206,832	109,964
Program costs	886,077	400,202	561,247
Repairs and maintenance	778,718	3,151,973	1,802,416
Social Assistance	1,324,121	884,435	1,352,057
Special projects	252,386	108,149	269,476
Telephone and utilities	297,964	582,681	556,256
Training	53,470	101,096	85,020
Travel	186,897	270,391	212,520
Vehicle expenses	129,500	275,194	264,730
Wages and benefits	4,672,552	6,522,568	6,419,036
	<b>\$ 10,613,332</b>	<b>\$ 18,174,435</b>	<b>\$ 17,396,917</b>

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 21. Segmented information

	Band Government			Community Services			Economic Development		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Western Cree Tribal Council	\$ 1,051,368	\$ 1,161,649	\$ 1,051,368	\$ 162,498	\$ 15,000	\$ 15,000	\$ 714,572	\$ 626,129	\$ 833,259
Government of Alberta	135,000	135,000	131,399	-	-	-	-	-	-
Other revenue	-	807,888	2,550,153	336,501	990,019	508,365	-	54,910	226,244
Total revenue	1,186,368	2,104,537	3,732,920	498,999	1,005,019	523,365	714,572	681,039	1,059,503
Expenses									
Contract fees	5,000	19,704	17,776	-	-	2,900	-	-	-
Materials and supplies	12,500	77,839	59,989	6,250	94,123	96,145	17,900	46,137	30,163
Travel	56,200	91,762	79,839	-	2,297	-	4,000	15,812	9,361
Program costs	-	-	-	46,800	7,374	7,362	-	-	-
Social Assistance	-	-	-	45,000	51,629	42,548	-	-	-
Special projects	-	-	-	-	-	-	154,234	-	154,234
Vehicle expenses	1,200	18,649	34,192	2,652	7,166	4,491	-	-	-
Wages and benefits	970,543	1,131,192	1,050,077	143,706	135,966	175,280	212,066	294,182	278,225
Other expenses	140,925	765,391	425,156	254,591	569,775	254,856	326,372	287,434	415,326
Total expenses	1,186,368	2,104,537	1,667,029	498,999	868,330	583,582	714,572	643,565	887,309
Annual surplus (deficit)	\$ -	\$ -	\$ 2,065,891	\$ -	\$ 136,689	\$ (60,217)	\$ -	\$ 37,474	\$ 172,194

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 21. Segmented information, continued

	2018 Budget	Education 2018 Actual	2017 Actual	2018 Budget	Health 2018 Actual	2017 Actual	2018 Budget	Housing 2018 Actual	2017 Actual
<b>Revenues</b>									
Western Cree Tribal Council	\$ 2,133,693	\$ 4,126,457	\$ 2,750,116	\$ -	\$ -	\$ -	\$ 790,763	\$ 688,788	\$ 537,290
CMHC revenue	-	-	-	-	-	-	792,212	1,112,082	1,370,243
Health Canada	-	-	-	1,554,980	1,694,924	1,592,643	-	-	-
Other revenue	-	149,547	118,036	-	9,685	4,665	-	2,180,987	910,053
<b>Total revenue</b>	<b>2,133,693</b>	<b>4,276,004</b>	<b>2,868,152</b>	<b>1,554,980</b>	<b>1,704,609</b>	<b>1,597,308</b>	<b>1,582,975</b>	<b>3,981,857</b>	<b>2,817,586</b>
<b>Expenses</b>									
Contract fees	1,250	6,885	10,340	-	-	-	-	104,581	147,996
Materials and supplies	45,800	42,911	39,470	58,500	104,450	45,655	-	3,027	4,750
Travel	12,000	28,051	42,765	88,000	82,979	56,157	3,000	19,285	1,011
Program costs	-	112,558	174,985	-	142,719	128,391	-	50,205	32,398
Social Assistance	-	-	-	-	2,595	2,000	-	-	-
Special projects	-	4,773	8,306	59,385	65,784	35,329	-	-	-
Vehicle expenses	53,150	61,188	58,733	40,263	47,551	35,537	-	955	2,369
Wages and benefits	1,402,112	1,753,211	1,726,096	924,192	812,881	868,751	444,449	1,094,658	999,266
Other expenses	619,381	811,334	765,421	384,640	402,181	392,870	1,135,526	1,744,281	1,748,956
<b>Total expenses</b>	<b>2,133,693</b>	<b>2,820,911</b>	<b>2,826,116</b>	<b>1,554,980</b>	<b>1,661,140</b>	<b>1,564,690</b>	<b>1,582,975</b>	<b>3,016,992</b>	<b>2,936,746</b>
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 1,455,093</b>	<b>\$ 42,036</b>	<b>\$ -</b>	<b>\$ 43,469</b>	<b>\$ 32,618</b>	<b>\$ -</b>	<b>\$ 964,865</b>	<b>(119,160)</b>

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 21. Segmented information, continued

	Operations and Maintenance			Social Services			Investments		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Western Cree Tribal Council	\$ 573,713	\$ 2,876,668	\$ 1,871,275	\$ 1,561,755	\$ 1,564,611	\$ 1,689,577	-	\$ -	\$ -
Other revenue	-	136,942	312,075	-	(144,853)	311,521	-	(1,100,118)	(475,248)
Total revenue	573,713	3,013,610	2,183,350	1,561,755	1,419,758	2,001,098	-	(1,100,118)	(475,248)
Expenses									
Materials and supplies	21,846	66,998	58,711	1,000	72,744	120,735	-	-	-
Travel	3,697	6,853	1,312	20,000	23,352	22,075	-	-	-
Program costs	33,000	56,875	44,438	-	30,331	48,892	-	-	-
Social Assistance	-	-	-	1,279,121	830,210	1,307,509	-	-	-
Special projects	-	-	-	38,767	37,592	71,606	-	-	-
Vehicle expenses	32,235	139,686	129,408	-	-	-	-	-	-
Wages and benefits	356,617	904,711	900,360	218,866	395,768	420,983	-	-	-
Other expenses	126,318	1,639,764	416,182	4,001	15,250	9,298	-	-	-
Total expenses	573,713	2,814,887	1,550,411	1,561,755	1,405,247	2,001,098	-	-	-
Annual surplus (deficit)	\$ -	\$ 198,723	\$ 632,939	\$ -	\$ 14,511	\$ -	\$ -	\$ (1,100,118)	\$ (475,248)

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2018

### 21. Segmented information, continued

	2018 Budget	Amortization 2018 Actual	2017 Actual	2018 Budget	Other 2018 Actual	2017 Actual	2018 Budget	Consolidated totals 2018 Actual	2017 Actual
Revenues									
Western Cree Tribal Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,988,362	\$ 11,059,302	\$ 8,747,885
CMHC revenue	-	-	-	-	-	-	792,212	1,112,082	1,370,243
Health Canada	-	-	-	-	-	-	1,554,980	1,694,924	1,592,643
Government of Alberta	-	-	-	-	-	-	135,000	135,000	131,399
First Nation Development Funds	-	-	-	806,277	882,329	1,070,230	806,277	882,329	1,070,230
Other revenue	-	-	-	-	-	-	336,501	3,085,007	4,465,864
Total revenue	-	-	-	806,277	882,329	1,070,230	10,613,332	17,968,644	17,378,264
Expenses									
Contract fees	-	-	-	-	-	-	6,250	131,170	179,012
Materials and supplies	-	-	-	-	-	-	163,796	508,229	455,618
Travel	-	-	-	-	-	-	186,897	270,391	212,520
Program costs	-	-	-	806,277	141	124,783	886,077	400,203	561,249
Social Assistance	-	-	-	-	-	-	1,324,121	884,434	1,352,057
Special projects	-	-	-	-	-	-	252,386	108,149	269,475
Vehicle expenses	-	-	-	-	-	-	129,500	275,195	264,730
Wages and benefits	-	-	-	-	-	-	4,672,551	6,522,569	6,419,038
Other expenses	-	2,838,685	2,869,846	-	-	385,307	2,991,754	9,074,095	7,683,218
Total expenses	-	2,838,685	2,869,846	806,277	141	510,090	10,613,332	18,174,435	17,396,917
Annual surplus (deficit)	\$ -	\$ (2,838,685)	\$ (2,869,846)	-	\$ 882,188	\$ 560,140	-	\$ (205,791)	\$ (18,653)