

**Sturgeon Lake Cree Nation**  
**Consolidated Financial Statements**  
**March 31, 2020**

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# **Sturgeon Lake Cree Nation**

## **Consolidated Financial Statements**

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## Sturgeon Lake Cree Nation

### Management's Responsibility for Financial Reporting

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March 31, 2020

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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.

The 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.

The 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:

Original signed by \_\_\_\_\_  
Chief

January 22, 2021

\_\_\_\_\_  
Date

Original signed by \_\_\_\_\_  
Councilor

January 22, 2021

\_\_\_\_\_  
Date

## **Independent Auditors' Report**

### **To the Members of Sturgeon Lake Cree Nation**

#### **Opinion**

We have audited the consolidated financial statements of Sturgeon Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sturgeon Lake Cree Nation as at March 31, 2020 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.

#### **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 report. We are independent of the First Nation 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 for the Consolidated 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 First Nation'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 First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation'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 these 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 First Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 First Nation 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Canada  
January 22, 2021



Chartered Professional Accountants

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# Sturgeon Lake Cree Nation

## Consolidated Statement of Financial Position

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March 31	2020	2019
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### Financial Assets

Cash (Note 3)	\$ 3,757,699	\$ 1,351,479
Accounts receivable (Note 4)	3,304,178	1,466,219
Investments and advances (Note 5)	1,257,654	1,549,939
Loan receivable (Note 6)	401,726	500,000
Deposits	-	101,856
Trust funds (Note 7)	3,897,587	3,924,524
	<b>12,618,844</b>	<b>8,894,017</b>

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### Liabilities

Accounts payable (Note 8)	3,116,941	1,382,019
Deferred revenue (Note 9)	5,460,995	3,398,847
Long-term debt (Note 10)	16,273,555	15,949,384
	<b>24,851,491</b>	<b>20,730,250</b>

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<b>Net debt</b>	<b>(12,232,647)</b>	<b>(11,836,233)</b>
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### Non-financial Assets

Capital assets (Note 11)	49,888,319	49,689,390
Prepaid expenses	161,505	63,195
	<b>50,049,824</b>	<b>49,752,585</b>

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<b>Accumulated Surplus (Note 12)</b>	<b>\$ 37,817,177</b>	<b>\$ 37,916,352</b>
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Contingent liabilities (Note 13)

Approved on behalf of the Sturgeon Lake Cree Nation

Original signed by \_\_\_\_\_, Chief

Original signed by \_\_\_\_\_, Councilor

# Sturgeon Lake Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
<b>Revenue</b>			
Western Cree Tribal Council	\$ 7,241,499	\$ 10,233,191	\$ 9,255,837
Indigenous Services Canada - Health	1,591,162	1,909,482	1,842,628
Government of Alberta	820,000	1,169,909	295,000
CMHC revenue	849,382	970,003	1,639,618
First Nation Development Funds	768,649	123,894	642,248
Rental income	667,038	278,154	280,115
Ottawa Trust Fund revenue	-	140,920	90,788
Sturgeon Lake Trust Fund revenue	-	22,407	(21,476)
Western Cree Tribal Council - Surplus Distribution	-	540,884	639,363
Other revenue	1,713,523	4,299,003	3,510,753
First Nation companies (Note 19)	-	(653,990)	(893,690)
	<b>13,651,253</b>	<b>19,033,857</b>	<b>17,281,184</b>
<b>Expenses (Note 20)</b>			
Band Government	2,599,610	3,522,401	3,259,707
Community Services	879,379	768,827	837,808
Economic Development	794,278	835,419	897,692
Education	2,588,912	3,025,032	2,817,513
Health	1,591,162	2,378,338	1,835,017
Housing	1,887,540	2,100,218	3,408,362
Operations and Maintenance	1,174,659	1,928,968	1,732,905
Social Services	2,071,124	1,893,505	1,470,447
Amortization	-	2,680,304	2,968,396
First Nation Development Funds	768,649	19	27,518
	<b>14,355,313</b>	<b>19,133,031</b>	<b>19,255,365</b>
<b>Deficiency of revenue over expenses</b>	<b>(704,060)</b>	<b>(99,174)</b>	<b>(1,974,181)</b>
<b>Accumulated surplus, beginning of year</b>	<b>37,916,352</b>	<b>37,916,352</b>	<b>39,890,533</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 37,212,292</b>	<b>\$ 37,817,178</b>	<b>\$ 37,916,352</b>

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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

	2020 Budget	2020 Actual	2019 Actual
Deficiency of revenue over expenses	\$ (704,060)	\$ (99,174)	\$ (1,974,181)
Acquisition of capital assets	-	(2,879,232)	(2,058,773)
Amortization of capital assets	-	2,680,304	2,968,396
	-	(198,928)	909,623
Acquisition of prepaid asset	(98,310)	(98,310)	(21,827)
Decrease in net financial assets	(802,370)	(396,412)	(1,086,385)
Net debt, beginning of year	(11,836,233)	(11,836,233)	(10,749,848)
Net debt, end of year	\$ (12,638,603)	\$ (12,232,645)	\$ (11,836,233)

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# Sturgeon Lake Cree Nation

## Consolidated Statement of Cash Flow

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For the year ended March 31,	2020	2019
<b>Cash flows from</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (99,174)	\$ (1,974,181)
Items not affecting cash		
Amortization	2,680,304	2,968,396
	2,581,130	994,215
Change in non-cash operating working capital		
Accounts receivable	(1,837,959)	639,787
Prepaid expenses	(98,308)	(21,827)
Investments and advances	292,285	970,536
Accounts payable	1,734,919	(1,721,453)
Deferred revenue	2,062,148	398,653
Loans Receivable	98,274	(500,000)
Deposits	101,856	(101,856)
	4,934,345	658,055
<b>Capital activities</b>		
Purchase of capital assets	(2,879,232)	(2,058,773)
<b>Financing activities</b>		
Repayment on long term debt	(943,889)	(829,755)
Advances on long term debt	1,268,059	2,508,317
	324,170	1,678,562
<b>Investing activities</b>		
Trust funds	(22,407)	21,476
Ottawa Trust Funds	49,344	399,168
	26,937	420,644
<b>Increase in cash and cash equivalents</b>	<b>2,406,220</b>	<b>698,488</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,351,479</b>	<b>652,991</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,757,699</b>	<b>\$ 1,351,479</b>

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2020

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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 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, 2020

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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) 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 declining balance 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, 2020

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

#### (g) Use of estimates

In preparing these financial statements, management made estimates and judgements including consideration for the uncertainties and economic implications of the COVID-19 pandemic on the entity's operations, financial performance and financial position for the year ended March 31, 2020. The uncertainty surrounding the COVID-19 pandemic could generate, in future reporting periods, a significant risk of material adjustments to the carrying amounts in the financial statements. Estimates not associated with the COVID-19 pandemic are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the First Nation's financial results, conditions and cash flows.

### 2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic, the organization has implemented remote work arrangements for those able to do so and implemented stringent health and safety procedures for those who are working in the office.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Nation's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the Nation and its operations in future periods.

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2020

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#### 3. Cash

	2020	2019
Externally restricted		
First Nation Development Fund	\$ 1,510,096	\$ 288,922
CMHC Replacement Reserve	1,138,810	816,740
	<b>2,648,906</b>	1,105,662
Unrestricted		
General accounts	1,108,793	245,817
	<b>\$ 3,757,699</b>	\$ 1,351,479

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#### 4. Accounts receivable

	2020	2019
Accounts receivables - trade	\$ 310,035	\$ 341,988
ISC - Health	7,000	-
First Nation Development Fund	-	640,038
Western Cree Tribal Council	2,941,741	436,090
Member receivables	9,825,488	8,941,957
Related party - Sturgeon Lake Cree Nation Trust Program	45,402	48,103
	<b>13,129,666</b>	10,408,176
Allowance for doubtful accounts	(9,825,488)	(8,941,957)
	<b>\$ 3,304,178</b>	\$ 1,466,219

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#### 5. Investments and Advances

	2020	2019
United Farmers of Alberta Co-operative Limited (at cost)	\$ 115,963	\$ 115,963
Sturgeon Lake Resources Ltd. (Note 19)	1,001,138	1,293,610
Sturgeon Lake Developments Co. Ltd. (Note 19)	140,553	140,365
	<b>\$ 1,257,654</b>	\$ 1,549,938

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2020

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### 6. Loan receivable

	2020	2019
Sturgeon Lake Resources Ltd. loan receivable in blended monthly instalments of \$9,800, including interest at 6.11%	\$ 401,726	\$ 500,000

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### 7. Trust Funds

#### (a) Ottawa Trust Funds

The Ottawa Trust Funds in the amount of \$602,069 (2019 - \$651,414) 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 - Land Settlement Trust

The Sturgeon Lake Cree Nation - Land Settlement Trust in the amount of \$3,295,518 (2019 - \$3,273,110) 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.

	2020	2019
Ottawa Trust Funds - Capital	\$ 451,888	\$ 451,456
Ottawa Trust Funds - Revenue	150,181	199,958
Total Ottawa Trust Funds	602,069	651,414
Sturgeon Lake Cree Nation Trust Program	3,295,518	3,273,110
	\$ 3,897,587	\$ 3,924,524

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### 8. Accounts payable

	2020	2019
Accounts payable - trade	\$ 2,072,306	\$ 1,170,305
Payable to members	185,000	185,000
Government remittances	31,113	25,202
Western Cree Tribal Council	828,522	1,511
	\$ 3,116,941	\$ 1,382,018

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2020

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#### 9. 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, 2019	Funding Received	Revenue Recognized	March 31, 2020
WCTC Fixed - School Renovations	\$ 334,990	\$ -	\$ 169,645	\$ 165,345
WCTC Fixed - Capital Planning School	71,440	-	48,567	22,873
WCTC Fixed - Water Truck Repairs	50,611	-	50,611	-
WCTC Fixed - Capacity Development	52,931	-	7,751	45,180
WCTC Fixed - Special Education	-	415,363	247,950	167,413
WCTC Fixed - Renovations - School Portables	-	700,000	122,727	577,273
WCTC Fixed - 5 Unit Construction	-	1,281,650	967,942	313,708
WCTC Fixed - Community Wellness	-	228,993	-	228,993
WCTC Flexible - Community Wellness	193,157	-	4,525	188,632
WCTC Block - Social Services	106,607	294,455	401,062	-
WCTC Block - Band Operated Schools	582,013	958,159	1,038,821	501,351
WCTC Block - Operations & Maintenance Education	68,194	303,724	212,767	159,151
WCTC Block - Post Secondary	65,577	511,515	480,279	96,813
WCTC Block - Economic Development	182,866	192,722	58,936	316,652
First Nation Development Fund	931,187	705,071	123,894	1,512,364
ISET Program	-	287,034	270,130	16,904
ISC - Health	211,022	1,027,688	907,058	331,652
GOA - Building Collaboration and Capacity Grant	270,293	-	270,293	-
GOA - School Solar Panels	189,970	-	189,970	-
GOA - Economic Development	59,616	-	59,616	-
GOA - PreEmployment Training	-	78,200	-	78,200
Other	28,373	738,490	28,372	738,491
	\$ 3,398,847	\$ 7,723,064	\$ 5,660,916	\$ 5,460,995

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2020

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### 10. Long-term debt

	2020	2019
CMHC mortgages bearing interest from 0.96% to 2.52%, repayable in monthly instalments of \$71,893 including interest, maturing on various dates, secured by a Ministerial Guarantee.	\$ 12,947,912	\$ 12,364,228
Loans payable to Peace Hills Trust bearing interest at 3.75% to 4.25%, repayable monthly instalments of \$12,528 including interest, maturing on various dates, secured by a Ministerial Guarantee.	1,450,184	1,543,903
Loan payable to Royal Bank of Canada bearing interest at 5.64%, repayable in monthly instalments of \$8,063 maturing August 2044, secured by a Ministerial Guarantee.	1,281,687	1,295,000
Loan payable to Royal Bank of Canada bearing interest at 6.11%, repayable in monthly instalments of \$9,800, maturing Feb 2024 (note 6).	401,726	500,000
Loan payable to John Deere Canada bearing interest at 4.25%, repayable in monthly instalments of \$6,766 including interest, maturing May 2020, secured by equipment secured by equipment with a net book value of \$230,170 (2019 - \$287,712).	20,228	-
Loan payable to John Deere Canada bearing interest at 3.99%, repayable in monthly instalments of \$6,909 including interest, maturing May 2022, secured by equipment with a net book value of \$230,170 (2019 - \$287,712).	171,818	246,253
	<b>\$ 16,273,555</b>	<b>\$ 15,949,384</b>

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Principal portion of long-term debt due within the next five years:

2021	\$ 1,011,780
2022	1,012,048
2023	965,530
2024	957,219
2025 and thereafter	12,326,978
	<b>\$ 16,273,555</b>

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 11. Capital Assets

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2020 Net book value
Land	\$ 315,490	\$ -	\$ 315,490	\$ -	\$ -	\$ -	\$ 315,490
Buildings	62,835,718	-	62,835,718	28,264,602	1,728,555	29,993,158	32,842,560
Automotive equipment	4,333,665	353,213	4,686,878	3,651,147	257,737	3,908,884	777,994
Computer equipment	665,627	155,440	821,067	638,960	31,316	670,276	150,791
Equipment	3,798,884	12,265	3,811,149	2,799,493	201,105	3,000,598	810,551
Infrastructure	15,722,629	-	15,722,629	5,943,251	461,590	6,404,841	9,317,788
Capital assets under construction	3,314,830	2,358,315	5,673,145	-	-	-	5,673,145
	\$ 90,986,843	\$ 2,879,232	\$ 93,866,076	\$ 41,297,453	\$ 2,680,303	\$ 43,977,757	\$ 49,888,319

	Cost			Accumulated amortization			
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	2019 Net book value
Land	\$ 315,490	\$ -	\$ 315,490	\$ -	\$ -	\$ -	\$ 315,490
Buildings	62,408,389	427,329	62,835,718	26,323,098	1,941,504	28,264,602	34,571,116
Automotive equipment	4,293,665	40,000	4,333,665	3,367,211	283,936	3,651,147	682,518
Computer equipment	665,627	-	665,627	627,530	11,430	638,960	26,667
Equipment	3,774,848	24,036	3,798,884	2,552,650	246,843	2,799,493	999,391
Infrastructure	15,722,629	-	15,722,629	5,458,568	484,683	5,943,251	9,779,378
Capital assets under construction	1,747,422	1,567,408	3,314,830	-	-	-	3,314,830
	\$ 88,928,070	\$ 2,058,773	\$ 90,986,843	\$ 38,329,057	\$ 2,968,396	\$ 41,297,453	\$ 49,689,390

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## Sturgeon Lake Cree Nation

### Notes to Consolidated Financial Statements

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March 31, 2020

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#### 12. Accumulated Surplus

	2020	2019
Operating fund	\$ (2,895,090)	\$ (3,114,857)
Capital Asset fund	34,016,490	34,240,006
Trust fund	3,897,587	3,924,524
Investment fund	1,659,380	2,049,939
CMHC Replacement Reserve	1,138,810	816,740
	<b>\$ 37,817,177</b>	<b>\$ 37,916,352</b>

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#### 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. 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, 2020, the Nation has used \$nil of this credit facility (2019 - \$nil).

#### 15. CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Nation 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 \$1,138,810 (2019 - \$816,740) has been set aside to fund the reserve of \$1,991,726 (2019 - \$1,827,615) which results in an unfunded amount of \$852,916 (2019 - \$1,010,875).

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# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

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March 31, 2020

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### 16. Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, long-term investments, loan receivable, 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.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The Nation cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the Nation's operations and financial condition.

### 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, 2020

### 19. Investment in Government Business Enterprises

	Sturgeon Lake Resources Ltd.	Sturgeon Lake Developments Co Ltd.	2020 Total	2019 Total
Cash	\$ -	\$ 7,353	\$ 7,353	\$ 7,165
Accounts receivable	2,499,096	-	2,499,096	2,559,646
Prepaid expenses	7,600	-	7,600	-
Property and equipment	5,024,735	136,200	5,160,935	3,411,048
Due from related party	-	13,271	13,271	13,271
<b>Total assets</b>	<b>\$ 7,531,431</b>	<b>\$ 156,824</b>	<b>\$ 7,688,255</b>	<b>\$ 5,991,130</b>
Bank indebtedness	\$ 149,956	\$ -	\$ 149,956	\$ 32,837
Accounts payable	2,615,851	3,000	2,618,851	2,696,029
Current portion of long term debt	162,382	-	162,382	128,552
Current portion of capital lease obligations	769,147	-	769,147	416,973
Line of credit	270,000	-	270,000	533,919
Long term debt	221,082	-	221,082	-
Capital lease obligations	1,939,363	-	1,939,363	235,573
Due to related party	456,652	-	456,652	192,435
<b>Total liabilities</b>	<b>6,584,433</b>	<b>3,000</b>	<b>6,587,433</b>	<b>4,236,318</b>
Share capital	100	100	200	200
Equity	946,898	153,724	1,100,622	1,754,612
<b>Total equity</b>	<b>946,998</b>	<b>153,824</b>	<b>1,100,822</b>	<b>1,754,812</b>
<b>Total liabilities and equity</b>	<b>\$ 7,531,431</b>	<b>\$ 156,824</b>	<b>\$ 7,688,255</b>	<b>\$ 5,991,130</b>
	Sturgeon Lake Resources Ltd.	Sturgeon Lake Developments Co Ltd.	2020 Total	2019 Total
Revenue	\$ 8,055,720	\$ 41,075	\$ 8,096,795	\$ 8,890,751
Gain on sale of equipment	285,182	-	285,182	4,597
	<b>8,340,902</b>	<b>41,075</b>	<b>8,381,977</b>	<b>8,895,348</b>
Expenses	8,995,080	40,887	9,035,967	9,789,038
<b>Net income (loss)</b>	<b>\$ (654,178)</b>	<b>\$ 188</b>	<b>\$ (653,990)</b>	<b>\$ (893,690)</b>

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2020

	2020	2019
Advances to (from) Sturgeon Lake Resources Ltd.	\$ 54,140	\$ (307,566)
Accumulated earnings - Sturgeon Lake Resources Ltd.	946,998	1,601,176
Investment in and advances to Sturgeon Lake Resources Ltd.	\$ 1,001,138	\$ 1,293,610

	2020	2019
Advances to (from) Sturgeon Lake Developments Co. Ltd.	\$ (13,271)	\$ (13,271)
Accumulated earnings - Sturgeon Lake Developments Co. Ltd.	153,824	153,636
Investment in and advances to Sturgeon Lake Developments Co. Ltd.	\$ 140,553	\$ 140,365

## 20. Expenditures by object

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
<b>Expenses</b>			
Advertising	\$ 1,300	\$ 40,420	\$ 19,300
Amortization	-	2,680,304	2,968,396
Bad debts	-	-	35,149
Band member support	-	24,299	46,113
Capital expenditures	-	5,138	-
Contract fees	64,052	116,524	121,075
Cultural events	529,757	558,732	525,661
Education and tuition fees	675,985	911,958	785,221
Equipment rentals	6,000	133,093	95,374
Health Care expenses	18,177	319,715	156,149
Insurance	521,872	481,194	467,386
Interest and bank charges	-	98,366	166,377
Interest on long term debt	1,013,038	343,422	269,975
Materials and supplies	556,891	817,699	629,177
Office supplies	25,600	96,285	99,812
Professional fees	75,000	327,405	302,786
Program costs	839,049	663,198	517,155
Repairs and maintenance	709,688	1,286,914	1,854,870
Social Assistance	1,068,059	1,421,793	968,316
Special projects	242,721	118,657	196,463
Telephone and utilities	371,583	491,365	496,378
Training	25,991	89,022	80,222
Travel	156,400	762,757	912,975
Vehicle expenses	201,435	366,060	356,378
Wages and benefits	7,252,715	6,978,711	7,184,657
	\$ 14,355,313	\$ 19,133,031	\$ 19,255,365

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 21. Segmented information

	Band Government			Community Services			Economic Development		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Western Cree Tribal Council	\$ 1,068,774	\$ 1,199,161	\$ 1,167,917	\$ 199,625	\$ 4,525	\$ 6,094	\$ 704,757	\$ 743,596	\$ 910,234
Government of Alberta	820,000	840,000	295,000	-	-	-	-	59,616	-
Other revenue	1,421,769	1,836,771	2,547,085	275,754	950,838	924,340	37,000	48,877	41,504
Total revenue	3,310,543	3,875,932	4,010,002	475,379	955,363	930,434	741,757	852,089	951,738
Expenses									
Education and tuition fees	-	-	-	-	-	-	225,270	307,478	337,317
Materials and supplies	357,705	368,998	119,537	17,417	58,498	90,914	15,400	14,094	34,199
Program costs	-	297,220	-	5,400	457	487	-	-	-
Repairs and maintenance	-	112,821	4,304	15,800	35,331	28,845	2,000	831	1,381
Social Assistance	-	-	-	-	28,437	65,077	-	-	-
Travel	130,400	453,538	666,947	11,000	3,795	833	4,000	20,039	6,676
Vehicle expenses	115,385	28,505	42,425	3,000	8,513	11,392	-	-	-
Wages and benefits	1,287,446	1,117,899	1,234,066	151,202	181,899	143,478	330,643	442,031	354,063
Other expenses	708,674	1,143,420	1,192,428	675,560	451,897	496,782	216,965	50,946	164,056
Total expenses	2,599,610	3,522,401	3,259,707	879,379	768,827	837,808	794,278	835,419	897,692
Annual surplus (deficit)	\$ 710,933	\$ 353,531	\$ 750,295	\$(404,000)	\$ 186,536	\$ 92,626	\$(52,521)	\$ 16,670	\$ 54,046

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 21. Segmented information, continued

	2020 Budget	Education 2020 Actual	2019 Actual	2020 Budget	Health 2020 Actual	2019 Actual	2020 Budget	Housing 2020 Actual	2019 Actual
Revenues									
Western Cree Tribal Council	\$ 2,361,210	\$ 3,262,072	\$ 3,639,683	\$ -	\$ -	\$ -	\$ 631,330	\$ 1,849,398	\$ 1,130,666
CMHC revenue	-	-	-	-	-	-	849,382	970,003	1,639,618
Indigenous Services Canada - Health	-	-	-	1,591,162	1,909,482	1,842,628	-	-	-
Government of Alberta	-	270,293	-	-	-	-	-	-	-
Other revenue	-	34,728	21,919	-	42,797	56,094	646,038	944,269	432,622
Total revenue	2,361,210	3,567,093	3,661,602	1,591,162	1,952,279	1,898,722	2,126,750	3,763,670	3,202,906
Expenses									
Education and tuition fees	450,715	604,480	447,904	-	-	-	-	-	-
Materials and supplies	54,700	70,143	62,247	111,069	153,917	80,812	600	9,672	121,817
Program costs	-	88,198	108,287	-	215,570	132,018	5,000	7,751	86,596
Repairs and maintenance	316,391	160,272	204,354	-	107,545	117,104	365,497	503,310	1,241,579
Social Assistance	-	-	-	-	8,296	3,500	-	-	-
Travel	10,000	17,086	26,375	-	234,431	128,402	1,000	1,003	6,064
Vehicle expenses	73,050	68,060	72,569	-	55,822	72,000	-	19,833	47
Wages and benefits	1,582,889	1,820,832	1,741,098	1,316,706	921,030	839,173	486,105	1,095,195	1,486,947
Other expenses	101,167	195,961	154,679	163,387	681,727	462,008	1,029,338	463,454	465,312
Total expenses	2,588,912	3,025,032	2,817,513	1,591,162	2,378,338	1,835,017	1,887,540	2,100,218	3,408,362
Annual surplus (deficit)	\$ (227,702)	\$ 542,061	\$ 844,089	\$ -	\$ (426,059)	\$ 63,705	\$ 239,210	\$ 1,663,452	\$ (205,456)

# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 21. Segmented information, continued

	Operations and Maintenance			Social Services				Investments	
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Western Cree Tribal Council	\$ 757,566	\$ 1,496,003	\$ 905,952	\$ 1,518,237	\$ 1,678,435	\$ 1,495,290	-	\$ -	\$ -
Other revenue	-	1,430,094	898,482	-	19,932	(1,858)	-	(680,927)	(1,314,334)
Total revenue	757,566	2,926,097	1,804,434	1,518,237	1,698,367	1,493,432	-	(680,927)	(1,314,334)
Expenses									
Materials and supplies	-	54,314	55,402	-	88,062	64,249	-	-	-
Program costs	60,000	53,982	107,918	-	-	54,331	-	-	-
Repairs and maintenance	10,000	366,805	257,303	-	-	-	-	-	-
Social Assistance	-	-	-	1,068,059	1,385,061	899,739	-	-	-
Travel	-	14,619	58,214	-	18,245	19,464	-	-	-
Vehicle expenses	10,000	185,327	157,945	-	-	-	-	-	-
Wages and benefits	1,094,659	1,049,428	993,909	1,003,064	350,399	391,925	-	-	-
Other expenses	-	204,493	102,214	-	51,738	40,739	-	-	-
Total expenses	1,174,659	1,928,968	1,732,905	2,071,124	1,893,505	1,470,447	-	-	-
Annual surplus (deficit)	\$ (417,093)	\$ 997,129	\$ 71,529	\$ (552,887)	\$ (195,138)	\$ 22,985	-	\$ (680,927)	\$ (1,314,334)



# Sturgeon Lake Cree Nation

## Notes to Consolidated Financial Statements

March 31, 2020

### 21. Segmented information, continued

	2020 Budget	Amortization 2020 Actual	2019 Actual	First Nation Development Funds 2020 Budget	2020 Actual	2019 Actual	2020 Budget	Consolidated totals 2020 Actual	2019 Actual
Revenues									
Western Cree Tribal Council	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,241,499	\$ 10,233,190	\$ 9,255,836
CMHC revenue	-	-	-	-	-	-	849,382	970,003	1,639,618
Indigenous Services Canada - Health	-	-	-	-	-	-	1,591,162	1,909,482	1,842,628
Government of Alberta	-	-	-	-	-	-	820,000	1,169,909	295,000
First Nation Development Funds	-	-	-	768,649	123,894	642,248	768,649	123,894	642,248
Other revenue	-	-	-	-	-	-	2,380,561	4,627,379	3,605,854
Total revenue	-	-	-	768,649	123,894	642,248	13,651,253	19,033,857	17,281,184
Expenses									
Education and tuition fees	-	-	-	-	-	-	675,985	911,958	785,221
Materials and supplies	-	-	-	-	-	-	556,891	817,698	629,177
Program costs	-	-	-	768,649	19	27,518	839,049	663,197	517,155
Repairs and maintenance	-	-	-	-	-	-	709,688	1,286,915	1,854,870
Social Assistance	-	-	-	-	-	-	1,068,059	1,421,794	968,316
Travel	-	-	-	-	-	-	156,400	762,756	912,975
Vehicle expenses	-	-	-	-	-	-	201,435	366,060	356,378
Wages and benefits	-	-	-	-	-	-	7,252,714	6,978,713	7,184,659
Other expenses	-	2,680,304	2,968,396	-	-	-	2,895,091	5,923,940	6,046,614
Total expenses	-	2,680,304	2,968,396	768,649	19	27,518	14,355,313	19,133,031	19,255,365
Annual surplus (deficit)	\$ -	\$ (2,680,304)	\$ (2,968,396)	\$ -	\$ 123,875	\$ 614,730	\$ (704,060)	\$ (99,174)	\$ (1,974,181)