

Consolidated Financial Statements of

# **BIGSTONE CREE NATION**

Year ended March 31, 2014

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards 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 control to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfils 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 auditors' report.

The external auditors, KPMG 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 management of Bigstone Cree Nation and meet when required. Their report to the members of Bigstone Cree Nation, stating the scope of their examination and opinion on the consolidated financial statements, follows.

On behalf of Bigstone Cree Nation:

Executive Director

Wabasca, Canada  
September 11, 2014

Finance Director



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## INDEPENDENT AUDITORS' REPORT

To the Members of Bigstone Cree Nation

We have audited the accompanying consolidated financial statements of Bigstone Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations and accumulated operating surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 consolidated financial position of Bigstone Cree Nation as at March 31, 2014, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

Without modifying our opinion, we draw attention to Note 14 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended March 31, 2013 has been restated.

The consolidated financial statements of Bigstone Cree Nation as at and for the year ended March 31, 2013, excluding the restatements described in Note 14 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on July 12, 2013.

As part of our audit of the consolidated financial statements as at and for the year ended March 31, 2014, we audited the restatements described in Note 14 to the consolidated financial statements that were applied to restate the comparative information presented as at and for the year ended March 31, 2013. In our opinion, the restatements are appropriate and have been properly applied.

We were not engaged to audit, review or apply any procedures to the March 31, 2013 consolidated financial statements other than with respect to the restatements described in Note 14 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on those consolidated financial statements taken as a whole.

Chartered Accountants

September 11, 2014  
Edmonton, Canada

# BIGSTONE CREE NATION

## Consolidated Statement of Financial Position

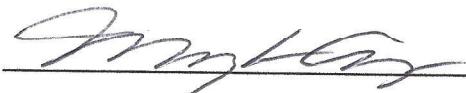
March 31, 2014, with comparative information for 2013

	2014	2013
		(Restated - note 14)
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 1,822,255	\$ 2,314,267
Restricted cash and temporary investments (note 2)	2,304,185	255,881
Accounts receivable (note 3)	2,655,028	5,018,994
Portfolio investments - settlement trust funds (note 4)	112,767,999	112,596,788
Trust funds held by federal government (note 5)	1,172,180	2,893,594
Investments in government business enterprises (note 6)	17,133,457	16,525,955
	137,855,104	139,605,479
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,754,290	5,928,685
Deferred revenue (note 7)	6,570,321	4,779,597
Long-term debt (note 8)	17,882,207	18,933,700
	27,206,818	29,641,982
<b>Net financial assets</b>	<b>110,648,286</b>	<b>109,963,497</b>
<b>Non-financial assets:</b>		
Prepaid expenses and deposits	143,789	221,204
Tangible capital assets (note 9)	45,427,862	46,278,923
	45,571,651	46,500,127
<b>Accumulated surplus (note 10)</b>	<b>\$ 156,219,937</b>	<b>\$ 156,463,624</b>
<b>Accumulated surplus is comprised of the following:</b>		
Accumulated operating surplus	\$ 152,091,193	\$ 154,440,760
Accumulated remeasurement gains	4,128,744	2,022,864
<b>Accumulated surplus</b>	<b>\$ 156,219,937</b>	<b>\$ 156,463,624</b>

Commitments, contingencies and guarantees (note 12)

See accompanying notes to consolidated financial statements.

Approved by Bigstone Cree Nation:




# BIGSTONE CREE NATION

## Consolidated Statement of Operations and Accumulated Operating Surplus

March 31, 2014, with comparative information for 2013

	Budget	2014	2013 (Restated - note 14)
<b>Revenues:</b>			
Government transfers	\$ 44,839,689	\$ 46,798,425	\$ 46,373,695
Other contributions and transfers	667,478	475,156	464,875
	45,507,167	47,273,581	46,838,570
Net amounts recognized (deferred)	2,194,292	(1,014,470)	1,993,730
	47,701,459	46,259,111	48,832,300
User fees, rent and sales of goods and services	3,815,451	6,476,822	4,148,570
Property taxes	992,040	992,040	1,064,208
Investment income (note 11)	-	2,847,836	3,034,419
Settlement agreement transfers (note 4)	-	-	25,111,576
Amounts earned and held in trust by federal government (note 5)	-	645,210	1,110,286
Income from investments in government business enterprises (note 6)	-	1,021,922	1,661,644
	52,508,950	58,242,941	84,963,003
<b>Expenses:</b>			
Administration and governance	3,593,287	3,654,492	3,823,301
Lands	817,493	685,830	654,953
Social	7,350,640	7,288,149	7,461,605
Housing	2,148,386	3,843,180	3,453,085
Public works	3,395,246	4,338,726	3,589,072
Human resource development	1,513,261	1,462,806	1,485,439
Education and child development	13,936,300	14,231,002	16,580,567
Economic development	1,648,465	1,792,809	1,303,918
Health	17,629,343	19,062,641	17,221,324
Other	-	76,656	196,756
Capital distributions to Calling Lake and Chipewyan Lake communities (note 9)	-	3,089,178	2,667,923
Per capita distributions to individual beneficiaries	-	522,833	608,947
Trust administration	-	544,206	499,280
	52,032,421	60,592,508	59,546,170
Annual operating surplus (deficit)	476,529	(2,349,567)	25,416,833
Accumulated operating surplus, beginning of year (Restated - note 14)	154,440,760	154,440,760	129,023,927
Accumulated operating surplus, end of year	\$ 154,917,289	\$ 152,091,193	\$ 154,440,760

See accompanying notes to consolidated financial statements.

# **BIGSTONE CREE NATION**

## Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
		(Restated - note 14)
Accumulated remeasurement gains (losses), beginning of year (Restated - note 14)	\$ 2,022,864	\$ (414,121)
Unrealized gains attributable to portfolio investments - settlement trust funds	2,105,880	2,436,985
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 4,128,744</b>	<b>\$ 2,022,864</b>

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2014, with comparative information for 2013

	2014	2013 (Restated - note 14)
Annual operating (deficit) surplus	\$ (2,349,567)	\$ 25,416,833
Acquisition of tangible capital assets	(2,576,129)	(3,592,360)
Loss on disposal of tangible capital assets	208,239	486,445
Amortization of tangible capital assets	3,218,951	3,122,458
	851,061	16,543
Decrease (increase) in prepaid expenses and deposits	77,415	(113,929)
Unrealized gains attributable to portfolio investments - settlement trust funds	2,105,880	2,436,985
Increase in net financial assets	684,789	27,756,432
Net financial assets, beginning of year	109,963,497	82,207,065
Net financial assets, end of year	<u>\$ 110,648,286</u>	<u>\$ 109,963,497</u>

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
		(Restated - note 14)
Cash provided by (used in):		
Operating transactions:		
Annual operating (deficit) surplus	\$ (2,349,567)	\$ 25,416,833
Items which do not involve cash:		
Income from investments in government business enterprises	(1,021,922)	(1,661,644)
Amortization of tangible capital assets	3,218,951	3,122,458
Loss on disposal of tangible capital assets	208,239	486,455
Change in non-cash operating working capital:		
Accounts receivable	2,363,966	816,531
Accounts payable and accrued liabilities	(3,174,395)	2,208,011
Deferred revenue	1,790,724	(1,706,330)
Prepaid expenses and deposits	77,415	(113,929)
	1,113,411	28,568,385
Capital transactions:		
Acquisition of tangible capital assets	(2,576,129)	(3,592,360)
Investing transactions:		
(Increase) decrease in restricted cash and temporary investments	(2,048,304)	499,744
Decrease (increase) in portfolio investments		
- settlement trust funds, net	1,934,669	(25,649,843)
Decrease in trust funds held by federal government	1,721,414	764,604
Decrease (increase) in investments in government business enterprises	414,420	(1,999,303)
	2,022,199	(26,384,798)
Financing transactions:		
Proceeds from long-term debt	-	1,175,407
Repayment of long-term debt	(1,051,493)	(950,768)
	(1,051,493)	224,639
Decrease in cash and cash equivalents	(492,012)	(1,184,134)
Cash and cash equivalents, beginning of year	2,314,267	3,498,401
Cash and cash equivalents, end of year	\$ 1,822,255	\$ 2,314,267

See accompanying notes to consolidated financial statements.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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Bigstone Cree Nation (“BCN”) is a First Nation established under the First Nations Act of Canada and represents the Bigstone Cree in Wabasca-Desmarais and the communities of Calling Lake and Chipewyan Lake.

## **1. Significant accounting policies:**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by BCN are as follows:

### **(a) Government reporting entity:**

BCN is comprised of a number of entities that are accountable to and controlled by BCN as follows:

Entity	Year end
Bigstone Cree Nation	
Bigstone Cree Nation operations	March 31
Bigstone Cree Nation Women's Emergency Shelter Society	March 31
Bigstone Cree Nation Child and Family Services Society	March 31
Bigstone Health Commission	March 31
Bigstone Education Authority Society	March 31
Bigstone Advisory Elders Society	March 31
Bigstone Evergreen Foundation	March 31
Bigstone Opasikonew Housing Society	March 31
Bigstone Business Trust	March 31
Bigstone Health Commission Business Trust	December 31
Bigstone Community Trusts	
Bigstone Cree Nation Trust	December 31
Bigstone Cree Nation Children's Trust	December 31
Calling Lake Capital Trust	December 31
Calling Lake Community Trust	December 31
Chipewyan Lake Capital Trust	December 31
Chipewyan Lake Community Trust	December 31
Off Reserve Members' and Affiliates' Trust	December 31
Wabasca/Desmarais Community Trust	December 31

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All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise or a government business partnership. Inter-organizational balances and transactions are eliminated on consolidation.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (a) Government reporting entity (continued):

Investments in government business enterprises and government business partnerships are accounted for on a modified equity basis. Under the modified equity basis, the business enterprises' accounting principles are not adjusted to conform to those of BCN, and inter-organizational transactions and balances are not eliminated. Government business enterprises and government business partnerships accounted for in this manner are:

Entity	Year end
Bigstone Economic Holdings Ltd.	March 31
Bigstone Health Holdings Ltd.	March 31
Bigstone Pharmacy Limited Partnership	December 31
Bigstone Forestry Limited Partnership	April 30
Bigstone Lot 25 Corp. Limited Partnership	March 31
Abcor Forestry Industries Ltd.	December 31

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### (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 where 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 which 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.

Investment income is recognized as revenue when earned. Investment transactions are accounted for as of the trade date. Interest income is accrued daily and dividend income is recognized on the dividend declaration date. Realized gains and losses from transactions are calculated on an average cost basis.

Royalties, property taxes, rent, and other fees and charges are accounted for in the year in which the transactions or events occurred that gave rise to the revenue if the collection of the amount to be received is reasonably assured.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **1. Significant accounting policies (continued):**

### **(c) Cash and cash equivalents:**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for purpose of meeting short-term cash commitments.

### **(d) Financial instruments:**

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all temporary investments and portfolio investments - settlement trust funds at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized and they are transferred to the consolidated statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the consolidated statement of remeasurement gains and losses are reversed and recognized in the consolidated statement of operations.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **1. Significant accounting policies (continued):**

### **(d) Financial instruments (continued):**

Fair value measurements are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

### **(e) Foreign currency:**

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the consolidated statement of operations and the unrealized balances are reversed from the consolidated statement of remeasurement gains and losses.

### **(f) Non-financial assets:**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 1. Significant accounting policies (continued):

### (f) Non-financial assets (continued):

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets is amortized over their expected useful lives using the following methods and annual rates.

Asset	Basis	Rate
Buildings	Declining balance	5%
Land improvements	Straight-line	10 years
Infrastructure	Declining balance	5%
Mobile homes	Straight-line	10 years
Automotive	Declining balance	30%
Equipment	Declining balance	20%
Computer equipment	Declining balance	20% and 30%
Fences and signs	Declining balance	10%
Furniture and fixtures	Declining balance	20%

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#### (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt and also are recorded as revenue.

#### (iii) Lands and natural resources:

Lands received as part of the Settlement Agreement and natural resources that have not been purchased are not recognized as assets in these consolidated financial statements.

#### (iv) Works of art and cultural and historic assets:

Works of art, cultural and historic assets are not recognized as assets in these consolidated financial statements.

#### (v) Interest capitalization:

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **1. Significant accounting policies (continued):**

### **(f) Non-financial assets (continued):**

#### **(vi) Leased tangible capital assets:**

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

### **(g) Allocation of expenses:**

BCN records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

BCN allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense.

### **(h) Use of estimates:**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### **(i) Future accounting changes:**

In June 2010, the Public Sector Accounting Board issued PS 3260 – Liabilities for Contaminated Sites. This accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. BCN would be required to recognize a liability related to the remediation of such contaminated site subject to certain recognition criteria. Management is currently assessing the impact of this adoption on the consolidated financial statements and cannot provide an estimate of any potential liability at this time.

### **(j) Budget information:**

The planned results (ie. budget information) have been derived from the budget approved by the Chief and Council.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 2. Restricted cash and temporary investments:

	2014	2013
Externally restricted cash:		
Canadian Mortgage Housing Corporation (CMHC)	\$ 547,611	\$ 207,775
Temporary investments	1,756,574	48,106
	<hr/> \$ 2,304,185	<hr/> \$ 255,881

Under the terms of BCN's agreements with CMHC, funding for its housing projects replacement reserve along with accumulated interest must be held in a separate bank account and/or invested only in accounts or instruments issued by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The replacement reserve balance as at March 31, 2014 was \$764,197 (2013 – \$851,385), based on the restricted cash noted above the replacement reserve is being underfunded by \$216,586 (2013 - \$643,610).

Temporary investments are comprised of guaranteed investment certificates bearing interest at 0.8% - 1.25% (2013 - 0.8%) per annum with maturity dates from July, 2014 to April, 2015 (2013 - February 2014). The temporary investments include a \$400,000 guaranteed investment certificate (2013 – \$nil) which has been internally restricted for a period of three years to fund severance payments to Chief and Council that are not re-elected during the period.

## 3. Accounts receivable:

	2014	2013 (Restated - note 14)
Trade and other amounts receivable	\$ 3,897,829	\$ 3,085,203
Aboriginal Affairs and Northern Development Canada	599,325	3,224,325
Health Canada	-	1,766,184
First Nations Development Fund	440,709	-
Other contributions receivable	11,250	-
Goods and services tax receivable	242,037	95,220
	<hr/> 5,191,150	<hr/> 8,378,630
Less: allowance for doubtful accounts	(2,536,122)	(3,151,938)
	<hr/> \$ 2,655,028	<hr/> \$ 5,018,994

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 4. Portfolio investments - settlement trust funds:

BCN and the Governments of Canada and Alberta signed a Settlement Agreement ('the Agreement') in December 2009 in order to achieve a final settlement of the claims of BCN as it related to treaty land entitlement and ancillary treaty benefits. In accordance with the terms of the Agreement, BCN received a total of \$161,400,000 as compensation for its claims. In the prior year, BCN received a final payment of \$25,111,576 under the Agreement. The amounts received are being held in trust for the benefit of the members of BCN. BCN has included the activities of the settlement trust funds in its consolidated financial statements.

The settlement trust funds are held in the following trusts for the year ended December 31:

	2013	2012 (Restated - note 14)
Bigstone Cree Nation Trust	\$ 53,508,958	\$ 51,096,813
Bigstone Cree Nation Children's Trust	6,838,564	7,242,961
Calling Lake Capital Trust	7,004,656	8,651,511
Calling Lake Community Trust	8,475,287	8,260,582
Chipewyan Lake Capital Trust	10,967,796	12,114,176
Chipewyan Lake Community Trust	8,344,481	8,264,153
Off Reserve Members' and Affiliates' Trust	9,132,013	8,694,738
Wabasca/Desmaris Community Trust	8,496,244	8,271,854
	<hr/> \$ 112,767,999	<hr/> \$ 112,596,788

The settlement trust funds have been invested as follows:

	2013	2012 (Restated - note 14)
Cash	\$ 25,816,250	\$ 29,294,626
Canadian diversified income pool	27,182,245	30,633,871
Canadian bond pool	13,438,179	26,736,757
Global equity income pool	8,980,801	1,790,367
Short-term bond pool	8,771,404	9,123,742
Corporate bond pool	7,667,636	-
Money market pool	6,708,109	6,697,857
Canadian dividend income pool	4,757,802	5,327,484
U.S. equity pool	4,550,158	488,491
High yield bond fund	3,967,309	-
Equity high income pool	1,164,571	695,281
Emerging economies pool	-	2,397,430
Liabilities, net	(236,465)	(589,118)
	<hr/> \$ 112,767,999	<hr/> \$ 112,596,788

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 5. Trust funds held by federal government:

	2014	2013
Capital fund:		
Balance, beginning of year	\$ 2,777,118	\$ 3,395,478
Earnings for the year	259,540	714,780
Withdrawals	(2,079,502)	(1,333,140)
Balance, end of year	957,156	2,777,118
Revenue fund:		
Balance, beginning of year	116,476	262,720
Earnings for the year	385,670	395,506
Withdrawals	(287,122)	(541,750)
Balance, end of year	215,024	116,476
	<hr/> \$ 1,172,180	<hr/> \$ 2,893,594

These trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the *Indian Act*.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **6. Investments in government business enterprises:**

Investments in government business enterprises are comprised of the following:

	2014	2013 (Restated - note 14)
Bigstone Economic Holdings Ltd., 100% subsidiary	\$ 10,123,777	\$ 9,209,510
Bigstone Health Holdings Ltd., 100% subsidiary	4,072,899	4,553,419
Bigstone Pharmacy Limited Partnership, 99.99% interest	495,731	396,836
Bigstone Forestry Limited Partnership, 99.99% interest	615,104	595,270
Bigstone Lot 25 Corp. Limited Partnership, 99.99% interest	1,663,216	1,608,190
Abcor Forestry Industries Ltd.	162,730	162,730
	<hr/> \$ 17,133,457	<hr/> \$ 16,525,955

Income from investments in government business enterprises is comprised of the following:

	2014	2013 (Restated - note 14)
Bigstone Economic Holdings Ltd.	\$ 1,173,621	\$ 877,382
Bigstone Health Holdings Ltd.	(96,001)	298,510
Bigstone Pharmacy Limited Partnership	(75,531)	75,531
Bigstone Forestry Limited Partnership	19,833	410,321
Bigstone Lot 25 Corp. Limited Partnership	-	(100)
Abcor Forestry Industries Ltd.	-	-
	<hr/> \$ 1,021,922	<hr/> \$ 1,661,644

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 6. Investments in government business enterprises (continued):

### (a) Bigstone Economic Holdings Ltd. (BEH):

BEH includes the following subsidiaries and related entities:

Entity	Principal Activities
458 Holdings Ltd.	Inactive
Bigstone Lot 25 Corp Ltd.	General partner
Bigstone Oil & Gas Ltd.	Oilfield services
Bigstone Oilfield Services & Supplies Ltd.	Oilfield construction and maintenance
Bigstone Store Ltd.	Convenience store and gas bar
Bigstone Truckstop Ltd. bar	Convenience store and gas/diesel
BCN Developments Ltd.	Inactive
Keyanew Enterprises Ltd.	Road maintenance
North Eight Contracting Ltd.	Oilfield services and construction management
Stony Point Air Ltd.	Aircraft hangar rental
Stony Point Estates Ltd.	Inactive

The following table provides condensed supplementary financial information for BEH and its subsidiaries and related entities for the year ended March 31:

	2014	2013 (Restated - note 14)
<b>Financial position:</b>		
Current assets	\$ 7,060,072	\$ 7,287,378
Investment property	5,137,579	5,398,302
Property, plant and equipment	5,826,500	5,676,227
<b>Total assets</b>	<b>18,024,151</b>	<b>18,361,907</b>
Current liabilities	5,700,283	7,065,040
Due to Bigstone Cree Nation	7,533,229	7,792,583
Non-current liabilities	2,200,091	2,087,357
<b>Total liabilities</b>	<b>15,433,603</b>	<b>16,944,980</b>
<b>Total equity</b>	<b>\$ 2,590,548</b>	<b>\$ 1,416,927</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 6. Investments in government business enterprises (continued):

### (a) Bigstone Economic Holdings Ltd. (BEH) (continued):

	2014	2013 (Restated - note 14)
<b>Results of operations:</b>		
Revenues	\$ 30,703,104	\$ 30,132,967
Cost of sales, operating and administrative expenses	29,072,493	28,772,505
<b>Profit before the undernoted</b>	<b>1,630,611</b>	<b>1,360,462</b>
Finance costs, net	(456,990)	(483,080)
<b>Profit and comprehensive income</b>	<b>\$ 1,173,621</b>	<b>\$ 877,382</b>

### (b) Bigstone Health Holdings Ltd. (BHH):

BEH includes the following subsidiaries and related entities:

Entity	Principal Activities
Bigstone Dental and Orthodontic Services Ltd.	Dental and orthodontic services
Bigstone Medical Transport Ltd.	Medical transportation
Bigstone Pharmacy Ltd.	General partner
Bigstone Professional Centre Ltd.	Professional centre and office rental
Bigstone Optical Ltd.	Optometry services (inactive)

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 6. Investments in government business enterprises (continued):

### (b) Bigstone Health Holdings Ltd. (BHH) (continued):

The following table provides condensed supplementary financial information for BHH for the year ended March 31:

	2014	2013 (Restated - note 14)
<b>Financial position:</b>		
Current assets	\$ 1,032,758	\$ 1,889,306
Due from Bigstone Pharmacy Limited Partnership	729,557	407,902
Prepaid expenses and deposits	328,616	385,744
Investment property	2,214,828	2,294,030
<b>Property and equipment</b>	<b>2,037,689</b>	<b>2,330,093</b>
<b>Total assets</b>	<b>6,343,448</b>	<b>7,307,075</b>
 Current liabilities		
Due to Bigstone Cree Nation	1,829,444	2,151,550
Due to Bigstone Lot 25 Limited Partnership	2,451,849	2,836,368
Loans and borrowings	48,398	-
<b>Total liabilities</b>	<b>4,722,398</b>	<b>5,514,493</b>
 Total equity	\$ 1,621,050	\$ 1,792,582
- attributable to BPLP	-	75,531
- attributable to BCN	1,621,050	1,717,051
 <b>Results of operations:</b>		
Revenues	\$ 8,180,076	\$ 7,257,768
Cost of sales, operating and administrative expenses	(8,092,193)	(6,808,443)
<b>Profit before the undernoted</b>	<b>87,833</b>	<b>449,325</b>
 Finance costs, net	(259,415)	(75,384)
 <b>Profit (loss) and comprehensive income (loss)</b>	<b>\$ (171,532)</b>	<b>\$ 373,941</b>
 <b>Profit and comprehensive profit (loss) is attributable to:</b>		
- attributable to BPLP	(75,531)	75,431
- attributable to BCN	(96,001)	298,510

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 6. Investments in government business enterprises (continued):

### (c) Bigstone Pharmacy Limited Partnership (BPLP):

BPLP operates a pharmacy in Wabasca, Alberta. The following table provides condensed supplementary financial information for BPLP for the year ended December 31:

	2013	2012
	(Restated - note 14)	
<b>Financial position:</b>		
Current assets	\$ 820,623	\$ 803,267
Property, plant and equipment	137,542	156,309
<u>Total assets</u>	<u>958,165</u>	<u>959,576</u>
Current liabilities	91,712	154,729
Due to Bigstone Health Holdings Ltd.	729,557	407,902
Due to Bigstone Cree Nation	495,731	321,305
<u>Total liabilities</u>	<u>1,317,000</u>	<u>883,936</u>
Total equity (deficiency)	\$ (358,835)	\$ 75,640
- attributable to BHH	(358,835)	109
- attributable to BCN	-	75,531
 <b>Results of operations:</b>		
Revenues	\$ 3,957,374	\$ 2,977,947
Cost of sales, operating and administrative expenses	(4,294,065)	(2,892,412)
<u>Profit (loss) before the undemoted</u>	<u>(336,691)</u>	<u>85,535</u>
Finance costs, net	(97,784)	(9,995)
 Profit (loss) and comprehensive income (loss)	\$ (434,475)	\$ 75,540
 Profit (loss) and comprehensive income (loss) is attributable to:		
- attributable to BHH	(358,944)	9
- attributable to BCN	(75,531)	75,531

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 6. Investments in government business enterprises (continued):

### (d) Bigstone Forestry Limited Partnership (BFLP):

BFLP provides timber harvesting services for customers under harvesting contracts in Northern Alberta. The following table provides condensed supplementary financial information for BFLP for the year ended April 30:

	2014	2013 (Restated - note 14)
<b>Financial position:</b>		
Current assets	\$ 305,293	\$ 398,504
Property, plant and equipment	2,400,333	1,712,866
<b>Total assets</b>	<b>2,705,626</b>	<b>2,111,370</b>
Current liabilities	1,098,021	730,437
Non-current liabilities	992,501	785,663
<b>Total liabilities</b>	<b>2,090,522</b>	<b>1,516,100</b>
<b>Total equity</b>	<b>\$ 615,104</b>	<b>\$ 595,270</b>
<b>Results of operations:</b>		
Revenues	\$ 4,535,600	\$ 4,136,993
Cost of sales, operating and administrative expenses	(4,791,367)	(3,956,772)
<b>Profit (loss) before the undernoted</b>	<b>(255,767)</b>	<b>180,221</b>
Gain on disposal of property, plant and equipment	275,600	40,100
Contribution from Bigstone Cree Nation	-	190,000
<b>Profit and comprehensive income</b>	<b>\$ 19,833</b>	<b>\$ 410,321</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 6. Investments in government business enterprises (continued):

### (e) Bigstone Lot 25 Corp. Limited Partnership (Lot 25):

Lot 25 owns and operates a strip mall in Wabasca, Alberta. The following table provides condensed supplementary financial information for Lot 25 for the year ended March 31:

	2014	2013
	(Restated - note 14)	
<b>Financial position:</b>		
Current assets	\$ 127,849	\$ 285,224
Due from Bigstone Health Holdings Ltd.	48,644	-
Investment properties	4,440,983	4,674,870
<b>Total assets</b>	<b>4,617,476</b>	<b>4,960,094</b>
Current liabilities	3,003,449	3,124,274
Due to Bigstone Cree Nation	1,663,216	1,608,190
<b>Non-current liabilities</b>	<b>328,616</b>	<b>385,744</b>
<b>Total liabilities</b>	<b>4,995,281</b>	<b>5,118,208</b>
Total deficiency	\$ (377,805)	\$ (158,114)
- attributable to BEH	(377,805)	(158,114)
- attributable to BCN	-	-
<b>Results of operations:</b>		
Revenues	\$ 347,291	\$ 297,774
Cost of sales, operating and administrative expenses	(442,478)	(323,557)
<b>Loss before the undernoted</b>	<b>(95,187)</b>	<b>(25,783)</b>
Finance costs, net	(124,504)	(132,431)
<b>Loss and comprehensive loss</b>	<b>\$ (219,691)</b>	<b>\$ (158,214)</b>
<b>Loss and comprehensive loss is attributable to:</b>		
- attributable to BEH	(219,691)	(158,114)
- attributable to BCN	-	(100)

### (f) Abcor Forestry Industries:

Abcor Forestry Industries represents BCN's present commitment of \$162,730 (2013 - \$162,730) to a forestry partnership which includes other First Nation organizations and corporate entities formed to pursue forestry projects in Northern Alberta.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 7. Deferred revenue:

	2014	2013
		(Restated - note 14)
<b>Federal government transfers:</b>		
Aboriginal Affairs and Northern Development Canada	\$ 2,536,508	\$ 1,934,591
Canada Mortgage and Housing Corporation	394,037	557,382
Health Canada	869,532	712,804
Other	151,855	236,923
	3,951,932	3,441,700
First Nations Development Fund	2,029,349	927,748
Other transfers and unearned revenue	589,040	410,149
	<b>\$ 6,570,321</b>	<b>\$ 4,779,597</b>

BCN has entered into contribution agreements with various federal and provincial government departments. Funding received under these contribution agreements is subject to repayment if BCN fails to comply with the terms and conditions of the agreements.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 8. Long-term debt:

A Band Council Resolution (BCR) authorizing each loan, the security and the terms of credit is required. Long-term debt is comprised of the following:

	2014	2013 (Restated - note 14)
<b><u>CMHC Housing Projects</u></b>		
CMHC Section 95 mortgage on 10 unit project bearing Interest at 2.63% per annum, repayable at \$4,024 per month including interest, due May 2031	\$ 667,143	\$ 697,539
CMHC Section 95 mortgage on 5 unit project bearing interest at 1.64% per annum, repayable at \$1,655 per month including interest, due July 2025	221,686	237,779
CMHC Section 95 mortgage on handicap units bearing interest at 2.61% per annum, repayable at \$688 per month including interest, due May 2025	79,654	85,694
CMHC Section 95 mortgage on 43 unit project bearing interest at 3.17% per annum, repayable at \$30,883 per month including interest, due November 2028	4,313,057	4,547,924
CMHC Section 95 mortgage on 3 unit project bearing interest at 1.62% per annum, repayable at \$1,578 per month including interest, due January 2033	307,384	321,238
CMHC Section 95 mortgage on 6 unit project bearing interest at 3.47% per annum, repayable at \$4,374 per month including interest, due April 2028	577,389	612,356
CMHC Section 95 mortgage on 11 unit project bearing interest at 2.61% per annum, repayable at \$4,175 per month including interest, due July 2024	453,564	491,350
CMHC Section 95 mortgage on 9 unit project bearing interest at 1.64% per annum, repayable at \$2,974 per month including interest, due August 2026	400,838	429,721

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# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 8. Long-term debt (continued):

	2014	2013 (Restated - note 14)
CMHC Section 95 mortgage, special allocation on 6 unit project bearing interest at 1.71% per annum, repayable at \$3,094 per month including interest, due December 2027	\$ 447,496	\$ 476,732
CMHC Section 95 mortgage on 12 unit project bearing interest at 2.57% per annum, repayable at \$8,212 per month including interest, due December 2034	1,584,302	1,641,474
CMHC Section 95 mortgage on 20 unit project bearing interest at 1.61% per annum, repayable at \$17,447 per month including interest, due November 2032	3,374,946	3,528,656
CMHC Section 95 mortgage on 25 unit project bearing interest at 2.78% per annum, repayable at \$18,546 per month including interest, due July 2030	2,920,391	3,050,262
<b><u>Education - Community School</u></b>		
CIBC Mortgage Inc. Teacherages loan bearing interest at 5.39% per annum, repayable at \$3,208 per month including interest, due October 2015	248,226	272,777
GE Canada School Bus loan bearing interest at 8.95% per annum, repayable at \$3,866 per month (excluding July and August) including interest, due June 2016	79,897	109,209
<b><u>Economic Development</u></b>		
CIBC North Eight Contracting Ltd. building loan bearing interest at prime plus 1.50% per annum, repayable at \$6,667 per month plus interest, due on demand	880,000	960,000
<b><u>Calling Lake</u></b>		
Capital lease bearing interest at 5.00% per annum, repayable at \$4,446 per month including interest, due March 2015, collateralized by equipment with a net book value of \$201,075	53,598	101,333

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# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 8. Long-term debt (continued):

	2014	2013
		(Restated - note 14)
<u>Bigstone Cree Nation Child and Family Services Society</u>		
Capital lease, repayable at \$10,081 per year due June 2017, collateralized by equipment with a net book value of \$31,686	\$ 26,883	\$ 34,830
<u>Bigstone Health Commission</u>		
Royal Bank of Canada term loan bearing interest at 4.91% per annum, repayable at \$7,370 per month including interest, due May 2017	1,061,441	1,099,754
Royal Bank of Canada CMHC Section 10 mortgage bearing interest at 4.42% per annum, repayable at \$3,460 per month including interest, due on demand	184,312	219,619
Capital lease bearing interest at 7.40% per annum, repaid during the year	-	15,453
	\$ 17,882,207	\$ 18,933,700

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **8. Long-term debt (continued):**

Long-term debt is secured as follows:

- A general security agreement granting the CIBC a first charge and security interest in all of BCN's present and after-acquired personal property of every nature and kind; an irrevocable assignment to Aboriginal Affairs and Northern Development Canada (AANDC), directing that AANDC pay to CIBC all funds payable by AANDC to BCN; a first charge over specific buildings, mobile homes and automotive equipment; guarantees in the amount of \$1,200,000 from each of North Eight Contracting Ltd. and 458 Holdings Ltd. and adequate insurance with first loss payable to CIBC.
- CMHC Section 95 mortgages on member homes are guaranteed by AANDC.
- CMHC Section 10 mortgage on mobile homes is guaranteed by AANDC.
- RBC Royal Bank loan is also collateralized by guarantee and postponement of claim in the amount of \$1,125,000.

Future annual principal repayments over the next five years and thereafter are as follows:

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2015	\$ 2,049,220
2016	945,417
2017	930,710
2018	1,836,034
2019	912,410
Thereafter	11,208,416
	<hr/>
	\$ 17,882,207

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# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 9. Tangible capital assets:

Cost	2013	Additions	Disposals	2014 (Restated - note 14)
Buildings	\$ 50,388,419	\$ 218,217	\$ -	\$ 50,606,636
Land and land improvements	2,893,426	150,032	-	3,043,458
Infrastructure	6,409,080	394,652	-	6,803,732
Mobile homes	8,173,594	152,400	(5,500)	8,320,494
Automotive	6,364,838	1,000,612	(108,558)	7,256,892
Equipment	1,531,119	540,822	(805,603)	1,266,338
Mobile homes under capital lease	406,459	-	-	406,459
Computer equipment	427,273	57,352	(954)	483,671
Fences and signs	219,098	-	(68,451)	150,647
Furniture and fixtures	674,626	62,042	(68,201)	668,467
	<b>\$ 77,487,932</b>	<b>\$ 2,576,129</b>	<b>\$ (1,057,267)</b>	<b>\$ 79,006,794</b>

Accumulated amortization	2013	Amortization	Disposals	2014 (Restated - note 14)
Buildings	\$ 14,877,278	\$ 1,769,133	\$ (5,421)	\$ 16,640,990
Land and land improvements	-	-	-	-
Infrastructure	2,574,241	209,512	-	2,783,753
Mobile homes	6,346,803	524,644	-	6,871,447
Automotive	5,251,598	461,226	-	5,712,824
Equipment	1,205,088	108,995	(754,134)	559,949
Mobile homes under capital lease	86,454	40,646	-	127,100
Computer equipment	280,667	51,132	-	331,799
Fences and signs	124,860	5,925	(26,520)	104,265
Furniture and fixtures	462,020	47,738	(62,953)	446,805
	<b>\$ 31,209,009</b>	<b>\$ 3,218,951</b>	<b>\$ (849,028)</b>	<b>\$ 33,578,932</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 9. Tangible capital assets (continued):

Net book value	2014	2013 (Restated - note 14)
Buildings	\$ 33,965,646	\$ 35,511,141
Land and land improvements	3,043,458	2,893,426
Infrastructure	4,019,979	3,834,839
Mobile homes	1,449,047	1,826,791
Automotive	1,544,068	1,113,240
Equipment	706,389	326,031
Mobile homes under capital lease	279,359	320,005
Computer equipment	151,872	146,606
Fences and signs	46,382	94,239
Furniture and fixtures	221,662	212,605
	<hr/> \$ 45,427,862	<hr/> \$ 46,278,923

Included in infrastructure is \$nil (2013 - \$51,533) of tangible capital assets relating to construction projects not completed at year end.

In addition, BCN provided capital distributions of \$1,410,314 (2013 - \$1,047,914) to the community of Chipewyan Lake and \$1,678,864 (2013 - \$1,620,009) to the community of Calling Lake to purchase certain tangible capital assets. The related tangible capital assets have not been recognized in the consolidated financial statements of BCN.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 10. Accumulated surplus:

	2014	2013 (Restated - note 14)
<b>Operating fund:</b>		
Unrestricted (deficiency)	\$ (3,563,551)	\$ (3,749,321)
Canada Mortgage and Housing Corporation		
Replacement reserve fund (note 2)	764,197	851,385
Severance fund (note 2)	400,000	-
	<u>(2,399,354)</u>	<u>(2,897,936)</u>
<b>Settlement trust funds:</b>		
Realized	108,639,255	110,573,924
Accumulated remeasurement gains	4,128,744	2,022,864
	<u>112,767,999</u>	<u>112,596,788</u>
<b>Trust funds held by federal government</b>	<b>1,172,180</b>	<b>2,893,594</b>
Invested in government business enterprises	17,133,457	16,525,955
Invested in tangible capital assets	27,545,655	27,345,223
	<u>\$ 156,219,937</u>	<u>\$ 156,463,624</u>

## 11. Investment income:

	2014	2013 (Restated - note 14)
Investment income, net	\$ 3,116,989	\$ 3,079,281
Realized losses on disposal of investments	(269,153)	(44,862)
	<u>\$ 2,847,836</u>	<u>\$ 3,034,419</u>

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **12. Commitments, contingencies and guarantees:**

The annual commitments for operating leases of office equipment are insignificant in total and therefore the annual commitments have not been disclosed in the consolidated financial statements.

BCN guarantees loans for certain of its business subsidiaries and partnerships. If these subsidiaries and partnerships fail to meet their debt obligations as they become due, BCN will become liable for the related debts, as follows:

- Bigstone Store Ltd., unlimited bank loan guarantee, as at March 31, 2014 the total available credit is \$70,000 and the amount drawn is \$nil.
- North Eight Contracting Ltd., unlimited bank loan guarantee, as at March 31, 2014 the total available credit is \$500,000 and the amount drawn is \$nil.
- Bigstone Oilfield Services and Supplies Ltd., unlimited bank loan guarantee, as at March 31, 2014 the total available credit is \$500,000 and the amount drawn is \$nil.
- Bigstone Professional Centre, limited bank loan guarantee, as at March 31, 2014 the total amount guaranteed is \$1,053,421.
- Bigstone Dental and Orthodontic Services Ltd., limited guarantee on demand of all liabilities, as at March 31, 2014 the amount guaranteed is limited to \$172,677.
- Bigstone Health Commission, limited bank loan guarantee, as at March 31, 2014 the total available credit is \$1,125,000 and the amount guaranteed is \$1,061,441.

In addition, in the normal course of operations, BCN becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in BCN's consolidated financial statements.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **13. Financial risks and concentration of credit risk:**

### **(a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. BCN is exposed to credit risk with respect to its accounts receivable, investments, temporary investments, portfolio investments – settlement trust funds and trust funds held by federal government.

BCN assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of BCN at March 31, 2014 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

The maximum exposure to investment credit risk is outlined in notes 4 and 5.

There have been no significant changes to the credit risk exposure from the prior year.

### **(b) Liquidity risk:**

Liquidity risk is the risk that BCN will be unable to fulfill its obligations on a timely basis or at a reasonable cost. BCN manages its liquidity risk by monitoring its operating requirements. BCN prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of long-term debt is disclosed in note 8.

There have been no significant changes to the liquidity risk exposure from the prior year.

### **(b) Geographical risk:**

Geographical risk is the risk that BCN's revenues will be affected by the remote location of its operations.

BCN's other contributions and transfers as well as other sources of non-investment income revenues are earned in Wabasca-Desmarais and neighbouring territories region of northern Alberta. A reduction in the economic activity in this region will unfavourably impact the revenues of BCN.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **13. Financial risks and concentration of credit risk (continued):**

### **(c) Market risk:**

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect BCN's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

#### **(i) Foreign exchange risk:**

BCN is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, BCN makes purchases denominated in U.S. dollars. BCN does not currently enter into forward contracts to mitigate this risk.

There has been no change to the risk exposure from the prior year.

#### **(ii) Interest rate risk:**

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose BCN to cash flow interest rate risk. BCN is exposed to this risk through its variable interest bearing long-term debt as disclosed in note 8 and its portfolio investments – settlement trust funds as disclosed in note 4.

There has been no change to the interest rate risk exposure from the prior year.

## **14. Restatements:**

The comparative financial information has been restated to correct the following errors that were identified in the current year that related to prior years:

- a) BCN did not appropriately account for certain entities that are controlled by BCN and form part of the government reporting entity. Specifically, Bigstone Education Authority Society and Bigstone Advisory Elders Society are controlled non-commercial entities which do not meet the definition of government business enterprises. Previously, these entities were accounted for using the modified equity basis and should have been consolidated on a line-by-line basis. In addition, the Bigstone Community Trusts (including Bigstone Cree Nation Trust, Bigstone Cree Nation Children's Trust, Calling Lake Capital Trust, Calling Lake Community Trust, Chipewyan Lake Capital trust, Chipewyan Lake Community Trust, Off Reserve Members' and Affiliates' Trust and Wabasca / Desmarais Community Trust) are controlled by BCN and should have been consolidated on a line-by-line basis;

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **14. Restatements (continued):**

- b) BCN inappropriately applied its accounting policies related to the recognition of certain government transfers. Government transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and transfer revenue is recognized in the consolidated statement of operations and accumulated operating surplus as the stipulation liabilities are settled. Certain transfers received by BCN that were restricted for the purchase of tangible capital assets were inappropriately being amortized into revenue at the rate corresponding with the amortization rate for the related tangible capital asset and the unamortized balance was inappropriately included in deferred revenue on BCN's consolidated statement of financial position;
- c) BCN inappropriately applied its revenue recognition accounting policies related to contributions and income from other sources. Contributions are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose. Certain contributions and income from other sources without restrictions placed on their use were inappropriately included in deferred revenue on BCN's consolidated statement of financial position;
- d) The carrying values of BCN's investments in government business enterprises (Bigstone Economic Holdings Ltd, Bigstone Health Holdings Ltd. and Bigstone Pharmacy Limited Partnership) did not appropriately reflect the underlying financial position and results of operations of those investments as a result of errors in the financial results of the underlying investments and errors in the consolidated accounting for those investments. In addition, BCN's investment in Bigstone Lot 25 Corp. Limited Partnership, which meets the definition of a government business enterprise, was inappropriately consolidated on a line-by-line basis and not accounted for on a modified equity basis; and
- e) Certain other comparative information has been reclassified to conform to the consolidated financial statement presentation adopted in the current year.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 14. Restatements (continued):

The effect of the above errors on the March 31, 2013 consolidated financial statements is summarized as follows:

	March 31, 2013 (As previously Reported)	Adjustments a)	Adjustments b)	Adjustments c)	Adjustments d)	March 31, 2013 (As restated)
Consolidated statement of financial position:						
Financial assets	\$ 25,543,689	\$ 112,795,838	\$ -	\$ 1,265,952	\$ 139,605,479	
Liabilities	34,515,516	318,016	(22,907)	(505,558)	(4,663,085)	29,641,982
Non-financial assets	51,169,223	-	-	-	(4,669,096)	46,500,127
Accumulated surplus	42,197,396	112,477,822	22,907	505,558	1,259,941	156,463,624
Consolidated statement of operations and accumulated operating surplus:						
Revenues	57,810,270	27,821,971	(9,818)	191,803	(851,223)	84,963,003
Expenses	56,038,763	4,084,456	-	-	(577,049)	59,546,170
Annual operating surplus (deficit)	1,771,507	23,737,515	(9,818)	191,803	(274,174)	25,416,833
Accumulated operating surplus, beginning of year	40,425,889	86,717,443	32,725	313,755	1,534,115	129,023,927
Accumulated operating surplus, end of year	42,197,396	110,454,958	22,907	505,558	1,259,941	154,440,760
Consolidated statement of remeasurement gains and losses:						
Accumulated remeasurement losses, beginning of year	-	(414,121)	-	-	-	(414,121)
Unrealized gains attributable to portfolio investments - settlement trust funds	-	2,436,985	-	-	-	2,436,985
Accumulated remeasurement gains end of year	-	2,022,864	-	-	-	2,022,864

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **15. Segment disclosures:**

BCN provides a wide range of services to its members. Services are delivered through a number of different programs and departments. Identified segments are defined by BCN for which separate financial information is available and is evaluated regularly by Chief and Council and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in note 1.

The segmented information is provided in the schedules of these consolidated financial statements.