

Consolidated Financial Statements of

BIGSTONE CREE NATION

Year ended March 31, 2016

BIGSTONE CREE NATION

Consolidated Financial Statements

Year ended March 31, 2016

Management's Responsibility for the Consolidated Financial Statements

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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

Finance Director

July 27, 2016
Wabasca, Canada



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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, 2016, 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, 2016, 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.

KPMG LLP

Chartered Professional Accountants

July 27, 2016
Edmonton, Canada

BIGSTONE CREE NATION

Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015 (Recasted - note 20)
Financial assets:		
Cash and cash equivalents	\$ 2,791,701	\$ 3,131,677
Restricted cash and temporary investments (note 2)	1,118,176	1,815,202
Accounts receivable (note 3)	2,769,515	3,058,070
Portfolio investments - settlement trust funds (note 4)	100,861,256	106,435,395
Trust funds held by federal government (note 5)	528,644	738,976
Investments in government business enterprises (note 6)	13,524,628	14,267,470
	<u>121,593,920</u>	<u>129,446,790</u>
Liabilities:		
Operating lines of credit (note 7)	797,518	839,467
Accounts payable and accrued liabilities	4,876,908	3,240,930
Government transfers repayable (note 8)	562,463	299,554
Deferred revenue (note 9)	3,362,101	3,497,689
Long-term debt (note 10)	15,829,042	17,391,349
	<u>25,428,032</u>	<u>25,268,989</u>
Net financial assets	96,165,888	104,177,801
Non-financial assets:		
Prepaid expenses and deposits	133,524	194,302
Tangible capital assets (note 11)	57,994,214	52,015,613
	<u>58,127,738</u>	<u>52,209,915</u>
Accumulated surplus (note 12)	<u>\$ 154,293,626</u>	<u>\$ 156,387,716</u>
Accumulated surplus is comprised of the following:		
Accumulated operating surplus	\$ 148,818,939	\$ 148,358,124
Accumulated remeasurement gains	5,474,687	8,029,592
Accumulated surplus	<u>\$ 154,293,626</u>	<u>\$ 156,387,716</u>

Commitments, contingencies and guarantees (note 16)

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, 2016, with comparative information for 2015

	Budget	2016	2015 (Recasted - note 20)
Revenues:			
Government transfers (note 13)	\$ 44,651,687	\$ 49,485,781	\$ 49,908,496
Other contributions and transfers	-	-	473,935
	44,651,687	49,485,781	50,382,431
Net amounts recognized (deferred)	887,378	135,588	1,261,208
Government transfers to be repaid	-	(319,454)	(118,301)
	45,539,065	49,301,915	51,525,338
User fees, rent and sales of goods and services	2,875,055	5,307,725	4,751,899
Property taxes	850,000	829,473	899,189
Investment income (note 14)	-	4,367,866	3,939,025
Amounts earned and held in trust by federal government (note 5)	-	484,169	841,295
Gain on disposal of tangible capital assets	-	9,642	47,486
	49,264,120	60,300,790	62,004,232
Expenses (note 15):			
Administration and governance	3,862,331	4,121,213	5,293,959
Lands	598,528	801,830	747,773
Social	6,950,707	6,468,849	6,907,423
Housing	667,000	3,665,802	5,118,043
Public works	1,932,420	4,484,211	4,530,465
Human resource development	1,244,527	1,618,884	1,354,566
Education and child development	15,194,657	14,987,151	15,784,688
Economic development	1,239,660	2,001,771	1,923,020
Health	19,849,989	21,056,901	19,947,383
Other	27,120	139,153	41,409
Community distributions	-	762,622	641,847
Per capita distributions	-	45,500	31,500
	51,566,939	60,153,887	62,322,076
Annual operating surplus (deficit) before the undernoted	(2,302,819)	146,903	(317,844)
Income from investments in government business enterprises (note 6)	-	313,912	451,579
Annual operating surplus (deficit)	(2,302,819)	460,815	133,735
Accumulated operating surplus, beginning of year	148,358,124	148,358,124	148,224,389
Accumulated operating surplus, end of year	\$ 146,055,305	\$ 148,818,939	\$ 148,358,124

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2016, with comparative information for 2015

	2016	2015 (Recasted - note 20)
Accumulated remeasurement gains, beginning of year	\$ 8,029,592	\$ 4,128,744
Changes in unrealized (losses) gains attributable to portfolio investment - settlement trust funds	(2,554,905)	3,900,848
Accumulated remeasurement gains, end of year	\$ 5,474,687	\$ 8,029,592

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2016, with comparative information for 2015

	2016	2015 (Recasted - note 20)
Annual operating surplus	\$ 460,815	\$ 133,735
Acquisition of tangible capital assets	(9,673,721)	(6,437,194)
Proceeds from disposition of tangible capital assets	230,734	250,246
Gain on disposal of tangible capital assets	(9,642)	(47,486)
Amortization of tangible capital assets	3,474,028	3,763,708
	<u>(5,978,601)</u>	<u>(2,336,991)</u>
Decrease (increase) in prepaid expenses and deposits	60,778	(50,513)
Changes in unrealized (losses) gains attributable to portfolio investments - settlement trust funds	(2,554,905)	3,900,848
(Decrease) increase in net financial assets	(8,011,913)	1,513,344
Net financial assets, beginning of year	104,177,801	102,664,457
Net financial assets, end of year	<u>\$ 96,165,888</u>	<u>\$ 104,177,801</u>

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015 (Recasted - note 20)
Cash provided by (used in):		
Operating transactions:		
Annual operating surplus	\$ 460,815	\$ 133,733
Items which do not involve cash:		
Amortization of tangible capital assets	3,474,028	3,763,708
Gain on disposal of tangible capital assets	(9,642)	(47,486)
Income from investments in government business enterprises	(313,912)	(451,579)
Change in non-cash operating working capital:		
Accounts receivable	288,555	(560,315)
Accounts payable and accrued liabilities	1,635,978	486,640
Government transfers repayable	262,909	(218,190)
Deferred revenue	(135,588)	(1,261,208)
Prepaid expenses and deposits	60,778	(50,513)
	5,723,921	1,794,790
Capital transactions:		
Acquisition of tangible capital assets	(9,673,721)	(6,437,194)
Proceeds from disposition of tangible capital assets	230,734	250,246
	(9,442,987)	(6,186,948)
Investing transactions:		
Decrease in restricted cash and temporary investments	697,026	488,983
Decrease in portfolio investments		
- settlement trust funds, net	3,019,234	3,114,890
Decrease in trust funds held by federal government	210,332	433,204
Decrease in investments in government business enterprises	1,056,754	1,315,894
	4,983,346	5,352,971
Financing transactions:		
Proceeds from (repayments of) operating line of credit	(41,949)	839,467
Repayments of long-term debt, net of proceeds	(1,562,307)	(490,858)
	(1,604,256)	348,609
(Decrease) increase in cash and cash equivalents	(339,976)	1,309,422
Cash and cash equivalents, beginning of year	3,131,677	1,822,255
Cash and cash equivalents, end of year	\$ 2,791,701	\$ 3,131,677

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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) Reporting entity:

BCN is comprised of a number of subsidiaries and related entities that are accountable to BCN for the administration of their financial affairs and resources. They include the following:

Entity	Year end
Bigstone Cree Nation	
Bigstone Cree Nation Operations	March 31
Neepinise Family Healing Centre	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 Opasikoniwew Housing Authority	March 31
Mistasini Housing Corporation	March 31
Bigstone Capital and Community Trusts	
Bigstone Cree Nation 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

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(a) 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., 100% beneficial interest held in trust by the Chief and Council of BCN (11 shares)	March 31
Bigstone Health Holdings Ltd., 100% beneficial interest held in trust by the Chief and Council of BCN (11 shares)	March 31
Bigstone Business Trust, 100% beneficial interest held in trust for BCN	December 31
Bigstone Health Commission Business Trust, 100% beneficial interest held in trust for BCN	December 31
Bigstone Management Services Corp., 100% beneficial interest held in trust by the Chief and Council of BCN	March 31
Kituskeenow Holdings Corp., 100% beneficial interest held in trust by the Chief and Council of BCN	March 31
Bigstone Forestry Inc., 100% beneficial interest held in trust by the Chief and Council of BCN	April 30
Bigstone Forestry Limited Partnership, 99% limited partnership interest held by BCN	April 30
Abcor Forest Industries Ltd.	December 31
Bigstone Management Services Corp., 100% beneficial interest held in trust by the Chief and Council of BCN	March 31

Interdepartmental and organizational transactions and balances are eliminated on consolidation.

The consolidated financial statements exclude trust assets that are administered for the benefit of external parties. The most substantive trust under administration is the Bigstone Cree Nation Children's Trust.

(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.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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.

(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.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

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.

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.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(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.

(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
Vehicles	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%

(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, 2016

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) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and it is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

(h) 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.

(i) 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.

(j) Budget information:

The budget has been derived from the budget approved by the Chief and Council.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(k) Changes in accounting policies:

In March 2015, the Public Sector Accounting Board issued PS2200 - Related Party Disclosures and PS3420 - Inter-entity Transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017. PS2200 - Related Party Disclosures, defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members. PS3420 - Inter-entity Transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

In June 2015, the Public Sector Accounting Board issued PS 3210 - Assets, PS3320 - Contingent Assets, PS3380 - Contractual Rights and PS3430 - Restructuring Transactions. PS3210, PS3320 and PS3380 are effective for fiscal years starting on or after April 1, 2017 and PS3430 is effective for fiscal years starting on or after April 1, 2018. PS 3210 - Assets provides guidance for applying the definition of assets set out in PS1000 - Financial Statement Concepts and establishes general disclosure standards for assets. PS3320 - Contingent Assets defines and establishes disclosure standards on contingent assets. PS3380 - Contractual Rights defines and establishes disclosure standards on contractual rights. PS3430 - Restructuring Transactions provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related programs or operating responsibilities.

BCN's management is currently assessing the impact of these new accounting standards on its consolidated financial statements.

On April 1, 2015, BCN adopted PS3260 - Liability for Contaminated sites. This standard was applied on a retroactive basis and did not result in any adjustments to the liabilities, tangible capital assets or accumulated surplus of BCN.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

2. Restricted cash and temporary investments:

	2016	2015
Canada Mortgage Housing Corporation (CMHC) reserve account (see (a) below)	\$ 573,880	\$ 571,221
Non-Insured Health Benefits (NIHB) contingency reserve account (see (b) below)	157,491	257,585
Other temporary investments (see (c) below)	386,805	986,396
	<hr/> \$ 1,118,176	<hr/> \$ 1,815,202

- (a) Under the terms of BCN's agreements with the Canada Mortgage and Housing Corporation (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, 2016 is \$949,878 (2015 - \$834,627), (see note 12). The replacement reserve represents management's estimate of potential repairs and maintenance costs over the useful lives of the buildings. At March 31, 2016, BCN has \$573,880 (2015 - \$571,221) set aside for the reserve fund and accordingly the replacement reserve is being underfunded by \$375,682 (2015 - \$263,406). BCN funds housing projects' replacement reserve when CMHC reserve amount is lower than the amount required for the housing projects' expenditures.
- (b) Under the terms of the agreement with Health Canada, the Non-Insured Health Benefits (NIHB) contingency is a reserve that BCN can draw upon in years where NIHB may incur an operating deficit but must be replenished in subsequent years.
- (c) Other temporary investments are comprised of guaranteed investment certificates bearing interest at 0.6% (2015 - 0.5% - 0.8%) per annum with various maturity dates in the next fiscal year.

3. Accounts receivable:

	2016	2015
Trade and other amounts receivable	\$ 5,024,562	\$ 4,494,177
Indigenous and Northern Affairs Canada (INAC)	657,062	244,005
First Nations Development Fund (FNDF)	491,855	1,503,128
Other contributions receivable	88,241	77,853
Goods and services tax receivable	373,583	335,254
	<hr/> 6,635,303	<hr/> 6,654,417
Less: allowance for doubtful accounts	(3,865,788)	(3,596,347)
	<hr/> \$ 2,769,515	<hr/> \$ 3,058,070

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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. The remaining undistributed 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:

	2016	2015 (Recasted – note 20)
Bigstone Cree Nation Trust	\$ 58,281,608	\$ 57,692,675
Calling Lake Capital Trust	1,198,404	3,873,607
Calling Lake Community Trust	8,655,753	8,896,039
Chipewyan Lake Capital Trust	5,966,991	8,752,726
Chipewyan Lake Community Trust	8,328,620	8,591,953
Off Reserve Members' and Affiliates' Trust	9,677,217	9,744,502
Wabasca/Desmaris Community Trust	8,752,663	8,883,893
	\$ 100,861,256	\$ 106,435,395

The settlement trust funds are trusts managed as portfolio investments, and have been invested as follows:

	2016	2015 (Recasted - note 20)
Cash	\$ 8,204,577	\$ 14,197,550
Canadian diversified income pool	29,946,631	29,590,797
Canadian bond pool	14,924,391	15,049,971
Global equity income pool	10,313,150	9,908,191
Short-term bond pool	9,951,185	9,973,430
Corporate bond pool	8,415,705	8,442,498
Money market pool	4,342,284	4,142,545
Canadian dividend income pool	4,603,769	4,744,526
U.S. equity pool	5,242,015	5,927,725
High yield bond fund	4,188,469	4,224,723
Equity high income pool	1,025,965	1,202,782
Liabilities, net	(296,885)	(969,343)
	\$ 100,861,256	\$ 106,435,395

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

5. Trust funds held by federal government:

	2016	2015
Capital fund:		
Balance, beginning of year	\$ 190,074	\$ 957,156
Earnings for the year	134,497	302,918
Withdrawals	(200,000)	(1,070,000)
Balance, end of year	124,571	190,074
Revenue fund:		
Balance, beginning of year	548,902	215,024
Earnings for the year	349,672	538,378
Withdrawals	(494,501)	(204,500)
Balance, end of year	404,073	548,902
	\$ 528,644	\$ 738,976

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, 2016

6. Investments in government business enterprises:

Investments in government business enterprises are comprised of the following:

	2016	2015
Bigstone Economic Holdings Ltd. (see 6 (a))	\$ 9,543,069	\$ 9,899,759
Bigstone Health Holdings Ltd. (see 6 (b))	4,141,584	3,948,805
Bigstone Business Trust (see 6 (c))	(90)	(90)
Bigstone Health Commission Business Trust (see 6 (d))	189,951	(140)
Bigstone Management Services Corp. (see 6 (e))	-	-
Kituskeenow Holdings Corp. (see 6 (f))	-	-
Bigstone Forestry Inc. (see 6 (g))	(349,886)	6,000
Bigstone Forestry Limited Partnership (see 6 (h))	-	413,136
Abcor Forest Industries Ltd. (see 6 (i))	-	-
	<hr/> \$ 13,524,628	<hr/> \$ 14,267,470

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

	2016	2015
Bigstone Economic Holdings Ltd. (see 6 (a))	\$ 1,341,702	\$ 340,234
Bigstone Health Holdings Ltd. (see 6 (b))	(275,212)	470,092
Bigstone Business Trust (see 6 (c))	-	-
Bigstone Health Commission Business Trust (see 6 (d))	190,091	(50)
Bigstone Management Services Corp. (see 6 (e))	-	-
Kituskeenow Holdings Corp. (see 6 (f))	-	-
Bigstone Forestry Inc. (see 6 (g))	(529,533)	-
Bigstone Forestry Limited Partnership (see 6 (h))	(413,136)	(195,967)
Abcor Forest Industries Ltd. (see 6 (i))	-	(162,730)
	<hr/> \$ 313,912	<hr/> \$ 451,579

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises (continued):

(a) Bigstone Economic Holdings Ltd.:

The following table provides condensed supplementary financial information for Bigstone Economic Holdings Ltd. for the year ended March 31:

	2016	2015
Financial position:		
Current assets	\$ 6,022,551	\$ 5,630,817
Equity-accounted investees	49	49
Assets held for sale	-	119,712
Property, plant and equipment	4,608,657	5,561,246
Investment properties	4,707,117	4,889,871
Total assets	15,338,934	16,201,695
 Current liabilities		
Due to Bigstone Cree Nation	5,127,053	5,713,660
Non-current liabilities	5,029,683	6,728,075
Non-current liabilities	668,252	588,276
Total liabilities	10,824,988	13,030,011
 Total equity	\$ 4,513,386	\$ 3,171,684
- attributable to Bigstone Cree Nation	4,513,386	3,171,684
- attributable to Bigstone Business Trust	-	-
 Results of operations:		
Revenues	\$ 26,394,191	\$ 24,595,355
Operating and administrative expenses	24,952,236	24,058,536
Profit before the undernoted	1,441,955	536,819
 Share of profit of equity-accounted investees	90,430	170,698
 Finance costs, net	(190,683)	(367,283)
 Profit and comprehensive income	\$ 1,341,702	\$ 340,234
- attributable to Bigstone Cree Nation	1,341,702	340,234
- attributable to Bigstone Business Trust	-	-

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises (continued):

(b) Bigstone Health Holdings Ltd.:

The following table provides condensed supplementary financial information for Bigstone Health Holdings Ltd. for the year ended March 31:

	2016	2015
Financial position:		
Current assets	\$ 1,658,347	\$ 2,111,595
Equity-accounted investees	(164,772)	(93,982)
Property, plant and equipment	2,942,038	1,873,990
Investment properties	5,503,389	2,376,992
Other non-current assets	214,360	271,488
Total assets	10,153,362	6,540,083
Current liabilities	5,703,047	2,498,827
Due to Bigstone Cree Nation	2,240,463	1,699,575
Non-current liabilities	196,029	250,536
Total liabilities	8,139,539	4,448,938
Total equity	\$ 2,013,823	\$ 2,091,145
- attributable to Bigstone Cree Nation	1,815,933	2,091,145
- attributable to Bigstone Health Commission Business Trust	197,890	-
Results of operations:		
Revenues	\$ 7,625,272	\$ 8,211,957
Operating and administrative expenses	(7,342,136)	(7,452,304)
Profit before the undernoted	283,136	759,653
Share of loss of equity-accounted investees	(70,810)	(94,082)
Finance costs, net	(289,948)	(195,479)
Profit (loss) and comprehensive income (loss)	\$ (77,622)	\$ 470,092
- attributable to Bigstone Cree Nation	(275,212)	470,092
- attributable to Bigstone Health Commission Business Trust	197,590	-

In addition, BCN has provided an advance of \$85,188 (2015 - \$157,945) to one of Bigstone Health Holdings Ltd.'s equity-accounted investees.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises (continued):

(c) Bigstone Business Trust:

The following table provides condensed supplementary financial information for Bigstone Business Trust for the year ended December 31:

	2015	2014
Financial position:		
Due from Bigstone Cree Nation	\$ 10	\$ 10
Equity-accounted investees	100	100
Total assets	110	110
Current liabilities	200	200
Total liabilities	200	200
Total equity (deficiency)	\$ (90)	\$ (90)
Results of operations:		
Share of loss of equity-accounted investees	\$ -	\$ -
Loss and comprehensive loss	\$ -	\$ -

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises (continued):

(d) Bigstone Health Commission Business Trust:

The following table provides condensed supplementary financial information for Bigstone Health Commission Trust for the year ended December 31:

	2015	2014
<hr/>		
Financial position:		
Due from Bigstone Cree Nation	\$ 10	\$ 10
Equity-accounted investees	197,941	50
Total assets	197,951	60
Current liabilities	8,000	200
Total liabilities	8,000	200
Total equity (deficiency)	\$ 189,951	\$ (140)
<hr/>		
Results of operations:		
Share of profit (loss) of equity-accounted investees	\$ 197,591	\$ (50)
Finance costs, net	(7,500)	-
Profit (loss) and comprehensive income (loss)	\$ 190,091	\$ (50)

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises (continued):

(e) Bigstone Management Services Corp.:

Bigstone Management Services Corp. is currently inactive.

(f) Kituskeenow Holdings Corp.:

Kituskeenow Holdings Corp. is currently inactive.

(g) Bigstone Forestry Inc.:

The following table provides condensed supplementary financial information for Bigstone Forestry Inc. for the year ended April 30:

	2016	2015
Financial position:		
Current assets	\$ 54,634	\$ 303,863
Property, plant and equipment	671,665	1,395,546
Total assets	726,299	1,699,409
Current liabilities	1,036,609	726,736
Due to Bigstone Cree Nation	179,547	5,900
Non-current liabilities	39,576	553,537
Total liabilities	1,255,732	1,286,173
Total equity (deficiency)	\$ (529,433)	\$ 413,236
- attributable to Bigstone Cree Nation	(529,433)	100
- attributable to Bigstone Forestry Limited Partners	-	413,136
Results of operations:		
Revenues	\$ 2,334,818	\$ 4,803,702
Operating and administrative expenses	(3,175,688)	(4,908,673)
Loss before the undernoted	(840,870)	(104,971)
Finance costs, net	(101,799)	(90,996)
Loss and comprehensive loss	\$ (942,669)	\$ (195,967)
- attributable to Bigstone Cree Nation	(529,533)	-
- attributable to Bigstone Forestry Limited Partners	(413,136)	(195,967)

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises (continued):

(h) Bigstone Forestry Limited Partnership (BFLP):

The following table provides condensed supplementary financial information for Bigstone Forestry Limited Partnership for the year ended April 30:

	2016	2015
Financial position:		
Current assets	\$ 54,634	\$ 303,863
Property, plant and equipment	671,665	1,395,546
Total assets	726,299	1,699,409
Current liabilities	1,036,609	726,736
Due to Bigstone Cree Nation	173,647	-
Non-current liabilities	39,576	553,537
Total liabilities	1,249,832	1,280,273
Total equity (deficiency)	\$ (523,533)	\$ 419,136
- <i>attributable to Bigstone Cree Nation</i>	-	413,136
- <i>attributable to Bigstone Forestry Inc.</i>	(523,533)	6,000
Results of operations:		
Revenues	\$ 2,334,818	\$ 4,803,702
Operating and administrative expenses	(3,175,688)	(4,908,673)
Loss before the undernoted	(840,870)	(104,971)
Finance costs, net	(101,799)	(90,996)
Loss and comprehensive loss	\$ (942,669)	\$ (195,967)
- <i>attributable to Bigstone Cree Nation</i>	(413,136)	(195,967)
- <i>attributable to Bigstone Forestry Inc.</i>	(529,533)	-

(i) Abcor Forest Industries Inc.:

Abcor Forest Industries Inc. represented BCN's commitment of \$162,730 to a forestry partnership which included other First Nation organizations and corporate entities formed to pursue forestry projects in Northern Alberta. As BCN does not expect to realize a return from this investment, an impairment \$162,730 was recorded in the prior year.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

7. Operating lines of credit:

BCN has an operating line of credit with CIBC bearing interest at prime rate plus 0.75% (2015 – prime rate plus 1%), authorized to a maximum of \$1,500,000. At March 31, 2016, the operating line of credit had \$797,518 (2015 - \$839,467) drawn upon it.

In addition, BCN has an operating line of credit with CIBC bearing interest at prime rate plus 1% (2015 - prime plus 1%), authorized to a maximum of \$600,000 (2015 - \$600,000), and is collateralized by 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 INAC, directing that INAC pay to CIBC all funds payable by INAC to BCN; and an irrevocable assignment of all Health Canada funds directing that Health Canada pay to CIBC all funds payable by Health Canada to BCN. At March 31, 2016, this line of credit had not been drawn upon (2015 - \$ nil).

8. Government transfers repayable:

	2016	2015
Government of Canada: INAC	\$ 562,463	\$ 299,554

9. Deferred revenue:

	2016	2015
Government of Canada: INAC	\$ 942,169	\$ 80,197
Health Canada	134,033	750,311
Other	188,738	102,261
	1,264,940	932,769
Province of Alberta: First Nations Development Fund, operating	22,526	-
First Nations Development Fund, capital	941,133	2,001,427
	963,659	2,001,427
Other transfers and unearned revenue	1,133,502	563,493
	\$ 3,362,101	\$ 3,497,689

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

10. 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:

	2016	2015
<u>CMHC Housing Projects</u>		
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	\$ 603,952	\$ 635,942
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	188,707	205,328
CMHC Section 95 mortgage on handicap units bearing interest at 2.61% per annum, repayable at \$688 per month including interest, due May 2025	66,809	73,450
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	3,800,289	4,059,272
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	279,007	293,305
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	503,418	540,702
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	373,554	414,320
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	341,650	371,479
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	387,525	417,758
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	1,459,786	1,524,446

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

10. Long-term debt (continued):

	2016	2015
<u>CMHC Housing Projects</u>		
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	3,059,837	3,218,599
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	2,618,575	2,776,772
<u>Education - Community School</u>		
CIBC Mortgage Inc. teacherages loan bearing interest at 5.39% per annum, repayable at \$3,208 per month including interest, due October 2015	195,478	222,323
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	11,343	47,189
GE Canada school bus loan bearing interest at 7.75% per annum, repayable at 2,175 per month including interest, due August 2020	79,144	-
<u>Economic Development</u>		
CIBC building loan bearing interest at prime plus 1.50% per annum, repayable at \$6,667 per month plus interest, due on demand	733,334	800,000
<u>Calling Lake</u>		
Capital lease bearing interest at 5.00% per annum, repaid during the year	-	250
<u>Bigstone Cree Nation Child and Family Services Society</u>		
Capital lease, repaid during the year	-	18,450
Capital lease, repayable at \$9,799 per year including interest due February 2020, collateralized by equipment with a net book value of \$47,841	38,853	-

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

10. Long-term debt (continued):

	2016	2015
<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	978,077	1,024,289
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	109,704	147,475
<u>Neepinise Family Healing Centre</u>		
CIBC loan bearing interest at prime plus 1.00% per annum, repaid during the year	-	600,000
	\$ 15,829,042	\$ 17,391,349

The CIBC building loan is secured by 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 INAC, directing that INAC pay to CIBC all funds payable by INAC to BCN; a first charge over specific buildings, mobile homes and vehicles; 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.

The Royal Bank of Canada term loan is secured by guarantee and postponement of claim in the amount of \$1,125,000 signed by BCN. A collateral mortgage in the amount of \$1,125,000 constituting a first charge on the lands and improvements located at 16310 100 Avenue, Edmonton, Alberta and a certificate of insurance on these lands and improvements.

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

2017	\$ 1,101,436
2018	2,012,567
2019	1,081,603
2020	1,056,168
2021	1,052,193
Thereafter	9,525,075
	\$ 15,829,042

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

11. Tangible capital assets:

Cost	2015 (Recasted - note 20)	Additions	Disposals	2016
Buildings	\$ 52,274,331	\$ 3,820,648	\$ -	\$ 56,094,979
Land	3,043,458	-	-	3,043,458
Infrastructure	8,130,829	2,477,584	-	10,608,413
Mobile homes	14,997,881	2,701,669	-	17,699,550
Vehicles	4,493,631	357,810	(669,086)	4,182,355
Equipment	1,286,903	96,340	-	1,383,243
Modular offices under capital lease	406,459	-	-	406,459
Computer equipment	478,066	187,768	-	665,834
Fences and signs	214,249	-	-	214,249
Furniture and fixtures	680,027	31,902	-	711,929
	\$ 86,005,834	\$ 9,673,721	\$ (669,086)	\$ 95,010,469

Accumulated amortization	2015 (Recasted - note 20)	Amortization	Disposals	2016
Buildings	\$ 18,362,820	\$ 1,830,832	\$ -	\$ 20,193,652
Land	-	-	-	-
Infrastructure	3,078,237	207,438	-	3,285,675
Mobile homes	7,432,878	766,473	-	8,199,351
Vehicles	3,309,959	366,606	(447,994)	3,228,571
Equipment	701,209	117,078	-	818,287
Modular offices under capital lease	160,950	40,646	-	201,596
Computer equipment	335,725	81,778	-	417,503
Fences and signs	114,974	8,917	-	123,891
Furniture and fixtures	493,469	54,260	-	547,729
	\$ 33,990,221	\$ 3,474,028	\$ (447,994)	\$ 37,016,255

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

11. Tangible capital assets (continued):

Net book value	2016	2015 (Recasted - note 20)
Buildings	\$ 35,901,327	\$ 33,911,511
Land	3,043,458	3,043,458
Infrastructure	7,322,738	5,052,592
Mobile homes	9,500,199	7,565,003
Vehicles	953,784	1,183,672
Equipment	564,956	585,694
Modular offices under capital lease	204,863	245,509
Computer equipment	248,331	142,341
Fences and signs	90,358	99,275
Furniture and fixtures	164,200	186,558
	\$ 57,994,214	\$ 52,015,613

12. Accumulated surplus:

	2016	2015 (Recasted - note 20)
Operating fund:		
Unrestricted (deficiency)	\$ (4,030,088)	\$ (862,672)
CMHC replacement reserve fund (see note 2)	949,878	834,627
	(3,080,210)	(28,045)
Settlement trust funds:		
Realized	95,386,569	98,405,803
Accumulated remeasurement gains	5,474,687	8,029,592
	100,861,256	106,435,395
Trust funds held by federal government	528,644	738,976
Invested in government business		
enterprises (see (i) below)	12,491,031	12,443,181
Moveable Assets Reserve (see (ii) below)	1,400,613	1,400,613
Invested in tangible capital assets (see (iii) below)	42,092,292	35,397,596
	\$ 154,293,626	\$ 156,387,716

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

12. Accumulated surplus (continued):

(i) Invested in government business enterprises is comprised of the following:

	2016	2015 (Recasted - note 20)
Investments in government business enterprises	\$ 13,469,108	\$ 14,267,470
Long-term debt related to government business enterprises	(978,077)	(1,824,289)
	<hr/> \$ 12,491,031	<hr/> \$ 12,443,181

(ii) The Moveable Assets Reserve (MAR) is comprised of the following:

	2016	2015 (Recasted - note 20)
Balance, beginning of year	\$ 1,400,613	\$ -
Amount advanced during the year	349,656	1,750,269
Expenses (acquisition and replacement)	(349,656)	(349,656)
	<hr/> Balance, end of year	<hr/> \$ 1,400,613
	<hr/> \$ 1,400,613	<hr/> \$ 1,400,613

In the prior year, BCN received a one-time payment of \$1,050,957 to fund moveable assets previously paid for by BCN. Moveable assets are defined as fixtures or pieces of equipment which are not permanently affixed to a building or structure, and which can be disposed of or replaced separately. In addition to this one-time funding, BCN is eligible to receive scheduled payments of \$349,656 per year to fund the replacement of these moveable assets for the years ended March 31, 2014 – 2023. During the year BCN received \$349,626 (2015 – 699,312 related to the years ended March 31, 2014 and 2015).

(iii) Invested in tangible capital assets is comprised of the following:

	2016	2015 (Recasted - note 20)
Tangible capital assets	\$ 57,994,214	\$ 52,015,613
Long-term debt related to tangible capital assets	(14,850,965)	(15,567,060)
Moveable asset reserve initial contribution	(1,050,957)	(1,050,957)
	<hr/> Balance, end of year	<hr/> \$ 42,092,292
	<hr/> \$ 42,092,292	<hr/> \$ 35,397,596

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

13. Government transfers:

	Budget	2016	2015
Government of Canada, operating:			
INAC – contribution funding, BCN	\$ 18,314,622	\$ 21,638,112	\$ 19,931,444
INAC – non-contribution funding, BCN	-	7,591	67,183
INAC – contribution funding, Bigstone Cree Nation Child and Family Services Society	4,156,251	4,181,251	3,886,903
CMHC	43,903	887,645	941,794
Health Canada	19,245,786	18,640,550	18,544,825
Service Canada	1,830,688	1,876,749	1,647,619
Other government of Canada agencies	139,058	324,672	293,787
Government of Canada, capital:			
Health Canada moveable assets reserve	349,656	349,656	1,750,269
Province of Alberta, operating:			
Province of Alberta and other agencies	521,723	1,094,555	424,894
Province of Alberta, capital:			
First Nations Development Fund	50,000	485,000	2,419,778
	\$ 44,651,687	\$ 49,485,781	\$ 49,908,496

14. Investment income:

	2016	2015 (Recasted - note 20)
Investment income, net	\$ 4,172,960	\$ 3,547,801
Realized gains on disposal of investments	194,906	391,224
	\$ 4,367,866	\$ 3,939,025

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

15. Expenses by object:

	Budget	2016	2015 (Recasted - note 20)
Salaries, wages, benefits and honoraria	\$ 15,328,447	\$ 14,317,674	\$ 16,621,259
Tuition and training	10,421,469	11,145,414	10,905,875
Non-insured health benefit program costs	8,087,000	8,809,313	8,302,565
Program delivery	5,989,018	7,890,154	3,469,471
Amortization of tangible capital assets	-	3,474,028	3,764,782
Administration and office	2,775,819	3,399,452	3,726,034
Repairs and maintenance	3,101,718	3,008,324	4,448,831
Professional fees	1,315,482	2,309,642	2,078,614
Other	2,313,343	2,198,981	1,306,669
Travel and meetings	1,192,504	1,077,524	3,464,736
Utilities	909,146	862,618	2,355,740
Interest and bank charges	132,993	487,303	457,970
Community distributions	-	762,622	641,847
Per capita distributions	-	45,500	31,500
Bad debts	-	365,338	746,183
	\$ 51,566,939	\$ 60,153,887	\$ 62,322,076

16. 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.

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, 2016

17. 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, 2016 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 10.

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

(c) 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 neighboring territories region of northern Alberta. A reduction in the economic activity in this region will unfavorably impact the revenues of BCN.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

17. Financial risks and concentration of credit risk (continued):

(d) 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 10 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.

18. 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.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

19. Trusts under administration:

Trusts under administration comprise the net investments held within the Bigstone Cree Nation Children's Trust in the amount of \$6,043,761 (2015 0 \$6,424,886) which are administered by BCN for the benefit of each member and affiliate of Bigstone Cree Nation who was under the age of eighteen and alive and has a Band registration number beginning with the digits 458 on November 15, 2010. The net investments are held in interest bearing accounts earning interest at rates of 1.0% to 1.7% (2015 – 1.1% to 1.3%).

20. Recast of prior year comparative financial information:

The comparative financial information has been recasted for the following matters:

- (i) In the prior year, Bigstone Cree Nation Children's Trust was considered to be part of the BCN reporting entity. In the current year, BCN concluded that Bigstone Cree Nation Children's Trust would be better reflected as a trust under administration, and as such, it should have been excluded from the consolidated accounts of BCN and disclosed as part of note 19.
- (ii) Capital distributions provided to the communities of Chipewyan Lake and Calling Lake and used from the Chipewyan Lake Capital Trust and the Calling Lake Capital Trust that were used to purchase certain tangible capital assets were previously expensed in the consolidated statement of operations. BCN is responsible for and uses these tangible capital assets to deliver programs and provide services to the Members of BCN. In the current year, BCN concluded that the carrying amount of these tangible capital assets should be included in its consolidated financial statements.
- (iii) Certain other comparative amounts have been reclassified to conform with the consolidated financial statement presentation adopted in the current year.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

20. Recast of prior year comparative financial information (continued)

The impact of these changes has been recorded retrospectively and prior periods have been recasted as follows:

	March 31, 2015 (as previously reported)	Recast (i)	Recast (ii)	Recast (iii)	March 31, 2015 (as recasted)
Consolidated statement of financial position:					
Cash and cash equivalents	\$ 2,292,210	\$ -	\$ -	\$ 839,467	\$ 3,131,677
Portfolio investments – settlement trust funds	112,860,281	(6,424,886)	-	-	106,435,395
Operating lines of credit	-	-	-	(839,467)	(839,467)
Tangible capital assets	44,209,016	-	7,806,597	-	52,015,613
Accumulated surplus	(155,006,005)	6,424,886	(7,806,597)	-	(156,387,716)
Consolidated statement of operations and accumulated operating surplus:					
Revenues, including income from investments in government business enterprises	62,493,690	(85,365)	-	47,486	62,455,811
<u>Expenses</u>	(66,743,203)	498,043	3,970,570	(47,486)	(62,322,076)
Annual operating surplus (deficit)	(4,249,513)	412,678	3,970,570	-	133,735
Accumulated operating surplus, beginning of year	151,225,926	(6,837,564)	3,836,027	-	148,224,389
Accumulated operating surplus, end of year	146,976,413	(6,424,886)	7,806,597	-	148,358,124
