

Consolidated Financial Statements of

# **BIGSTONE CREE NATION**

Year ended March 31, 2017

## **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

October 13, 2017  
Wabasca, Canada



KPMG LLP  
2200, 10175 – 101 Street  
Edmonton, AB T5J 0H3  
Canada  
Telephone (780) 429-7300  
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## INDEPENDENT AUDITORS' REPORT

To the Chief and Council 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, 2017, 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 and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2017, 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is fluid and cursive, with 'KPMG' on the top line and 'LLP' on the line below it. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

October 13, 2017  
Edmonton, Canada

# BIGSTONE CREE NATION

## Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 6,917,072	\$ 3,365,581
Restricted cash and temporary investments (note 2)	302,141	544,296
Accounts receivable (note 3)	3,419,758	2,769,515
Portfolio investments - settlement trust funds (note 4)	102,391,363	100,861,256
Trust funds held by federal government (note 5)	828,469	528,644
Investments in government business enterprises (note 6)	14,017,711	13,524,628
	<u>127,876,514</u>	<u>121,593,920</u>
<b>Liabilities:</b>		
Operating lines of credit (note 7)	2,486,164	797,518
Accounts payable and accrued liabilities	6,015,086	4,876,908
Government transfers repayable (note 8)	1,091,924	562,463
Deferred revenue (note 9)	5,574,794	3,362,101
Long-term debt (note 10)	15,103,292	15,829,042
	<u>30,271,260</u>	<u>25,428,032</u>
<b>Net financial assets</b>	<b>97,605,254</b>	<b>96,165,888</b>
<b>Non-financial assets:</b>		
Prepaid expenses and deposits	201,263	133,524
Tangible capital assets (note 11)	63,746,989	57,994,214
	<u>63,948,252</u>	<u>58,127,738</u>
<b>Accumulated surplus (note 12)</b>	<b>\$ 161,553,506</b>	<b>\$ 154,293,626</b>
<b>Accumulated surplus is comprised of the following:</b>		
Accumulated operating surplus	\$ 152,895,188	\$ 148,818,939
Accumulated remeasurement gains	8,658,318	5,474,687
<b>Accumulated surplus</b>	<b>\$ 161,553,506</b>	<b>\$ 154,293,626</b>

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, 2017, with comparative information for 2016

	Budget	2017	2016
<b>Revenues:</b>			
Government transfers (note 13)	\$ 43,887,251	\$ 56,778,198	\$ 49,485,781
Net amounts			
recognized (deferred) (note 9)	-	(2,157,220)	135,588
Government transfers			
to be repaid (note 8)	-	(529,462)	(319,454)
	43,887,251	54,091,516	49,301,915
User fees, rent and sales of goods and services	2,219,837	4,075,409	5,307,725
Property taxes	748,507	748,507	829,473
Investment income (note 14)	-	5,218,739	4,367,866
Amounts earned and held in trust by federal government (note 5)	-	449,824	484,169
Gain on disposal of tangible capital assets	-	-	9,642
	46,855,595	64,583,995	60,300,790
<b>Expenses (note 15):</b>			
Administration and governance	3,726,264	4,872,486	4,121,213
Lands	433,655	428,247	801,830
Social	7,215,489	7,211,235	6,468,849
Housing	707,000	3,463,312	3,665,802
Public works	3,366,384	4,456,098	4,484,211
Human resource development	1,419,447	1,600,187	1,618,884
Education and child development	14,179,485	15,136,388	14,987,151
Economic development	1,489,314	1,345,347	2,001,771
Health	16,170,720	21,019,954	21,056,901
Other	99,198	129,334	139,153
Community distributions	-	854,277	762,622
Per capita distributions	-	14,000	45,500
	48,806,956	60,530,865	60,153,887
Annual operating surplus (deficit) before the undernoted	(1,951,361)	4,053,130	146,903
Income from investments in government business enterprises (note 6)	-	23,119	313,912
Annual operating surplus (deficit)	(1,951,361)	4,076,249	460,815
Accumulated operating surplus, beginning of year	148,818,939	148,818,939	148,358,124
Accumulated operating surplus end of year	\$ 146,867,578	\$ 152,895,188	\$ 148,818,939

See accompanying notes to consolidated financial statements.

# **BIGSTONE CREE NATION**

## Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Accumulated remeasurement gains, beginning of year	\$ 5,474,687	\$ 8,029,592
Unrealized gains (losses) attributable to fair value changes in portfolio investments - settlement trust funds	3,183,631	(2,554,905)
Accumulated remeasurement gains, end of year	<u>\$ 8,658,318</u>	<u>\$ 5,474,687</u>

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Annual operating surplus	\$ 4,076,249	\$ 460,815
Acquisition of tangible capital assets	(9,740,383)	(9,673,721)
Proceeds from disposition of tangible capital assets	-	230,734
Gain on disposal of tangible capital assets	-	(9,642)
Amortization of tangible capital assets	3,987,608	3,474,028
	<u>(1,676,526)</u>	<u>(5,517,786)</u>
(Increase) decrease in prepaid expenses and deposits	(67,739)	60,778
Unrealized gains (losses) attributable to fair value changes in portfolio investments - settlement trust funds	3,183,631	<u>(2,554,905)</u>
Increase (decrease) increase in net financial assets	1,439,366	(8,011,913)
Net financial assets, beginning of year	96,165,888	104,177,801
Net financial assets, end of year	<u>\$ 97,605,254</u>	<u>\$ 96,165,888</u>

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
<b>Cash provided by (used in):</b>		
Operating transactions:		
Annual operating surplus	\$ 4,076,249	\$ 460,815
Items which do not involve cash:		
Amortization of tangible capital assets	3,987,608	3,474,028
Gain on disposal of tangible capital assets	-	(9,642)
Income from investments in government business enterprises	789,104	(313,912)
Change in non-cash operating working capital:		
Accounts receivable	(650,243)	288,555
Accounts payable and accrued liabilities	1,138,178	1,635,978
Government transfers repayable	529,461	262,909
Deferred revenue	2,212,693	(135,588)
Prepaid expenses and deposits	(67,739)	60,778
	<u>12,015,311</u>	<u>5,723,921</u>
Capital transactions:		
Acquisition of tangible capital assets	(9,740,383)	(9,673,721)
Proceeds from disposition of tangible capital assets	-	230,734
	<u>(9,740,383)</u>	<u>(9,442,987)</u>
Investing transactions:		
Decrease in restricted cash and temporary investments	242,155	1,270,908
Decrease in portfolio investments		
- settlement trust funds, net	1,653,524	3,019,234
(A)crease decrease in trust funds held by federal government	(299,825)	210,332
(A)crease decrease in investments in government business enterprises	(1,282,187)	1,056,754
	<u>313,667</u>	<u>5,557,226</u>
Financing transactions:		
Proceeds from (repayments of) operating line of credit	1,688,646	(41,949)
Repayments of long-term debt, net of proceeds	(725,750)	(1,562,307)
	<u>962,896</u>	<u>(1,604,256)</u>
Increase in cash and cash equivalents	3,551,491	233,904
Cash and cash equivalents, beginning of year	3,365,581	3,131,677
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,917,072</b>	<b>\$ 3,365,581</b>

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2017

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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) 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 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 Opasikoniwew Housing Authority	March 31
Mistasini Housing Corporation	March 31
Pekewe Service Society	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

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# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 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
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
S 11 Logging Company Ltd., 25% 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 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, 2017

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## **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, 2017

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## 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, 2017

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## 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%

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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, 2017

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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) 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, 2017

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## 1. Significant accounting policies (continued):

### (k) Future accounting standard pronouncements:

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In 2018, BCN will continue to assess the impact and prepare for the adoption of these standards. While the timing of adoption may vary, certain standards must be adopted concurrently.

Public Sector Accounting Standard	Effective date (fiscal years beginning on or after)
PS2200 - Related party disclosures	April 1, 2017
PS3420 - Inter-entity transactions	April 1, 2017
PS3210 - Assets	April 1, 2017
PS3320 - Contingent assets	April 1, 2017
PS3380 - Contractual rights	April 1, 2017
PS3430 - Restructuring transactions	April 1, 2018

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

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 2. Restricted cash and temporary investments:

	2017	2016
Non-Insured Health Benefits (NIHB) contingency reserve account (see (a) below)	\$ 157,491	\$ 157,491
Other temporary investments (see (b) below)	144,650	386,805
	<hr/> <b>\$ 302,141</b>	<hr/> <b>\$ 544,296</b>

(a) 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.

(b) Other temporary investments are comprised of guaranteed investment certificates bearing interest at 0.5% (2016 - 0.6%) per annum with various maturity dates in the next fiscal year.

## 3. Accounts receivable:

	2017	2016
Trade and other amounts receivable	\$ 5,504,847	\$ 5,024,562
Indigenous and Northern Affairs Canada (INAC)	580,608	657,062
Canada Mortgage and Housing Corporation (CMHC)	157,839	-
First Nations Development Fund (FNDF)	501,318	491,855
Other contributions receivable	88,241	88,241
Goods and services tax receivable	592,435	373,583
	<hr/> 7,425,288	<hr/> 6,635,303
Less: allowance for doubtful accounts	(4,005,530)	(3,865,788)
	<hr/> <b>\$ 3,419,758</b>	<hr/> <b>\$ 2,769,515</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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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. 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:

	2017	2016
Bigstone Cree Nation Trust	\$ 62,927,189	\$ 58,281,608
Calling Lake Capital Trust	288,662	1,198,404
Calling Lake Community Trust	9,173,705	8,655,753
Chipewyan Lake Capital Trust	1,547,712	5,966,991
Chipewyan Lake Community Trust	8,860,848	8,328,620
Off Reserve Members' and Affiliates' Trust	10,251,799	9,677,217
Wabasca/Desmarais Community Trust	9,341,448	8,752,663
	<hr/> \$ 102,391,363	<hr/> \$ 100,861,256

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

	2017	2016
Cash	\$ 3,184,879	\$ 8,204,577
Canadian diversified income pool	34,299,966	29,946,631
Canadian bond pool	15,339,772	14,924,391
Global equity income pool	9,843,004	10,313,150
Short-term bond pool	10,706,632	9,951,185
Corporate bond pool	9,206,748	8,415,705
Money market pool	4,033,647	4,342,284
Canadian dividend income pool	5,311,983	4,603,769
U.S. equity pool	4,674,674	5,242,015
High yield bond fund	5,209,545	4,188,469
Equity high income pool	1,166,610	1,025,965
Liabilities, net	(586,097)	(296,885)
	<hr/> \$ 102,391,363	<hr/> \$ 100,861,256

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 5. Trust funds held by federal government:

	2017	2016
Capital fund:		
Balance, beginning of year	\$ 124,571	\$ 190,074
Earnings for the year	46,776	134,497
Withdrawals	-	(200,000)
Balance, end of year	171,347	124,571
Revenue fund:		
Balance, beginning of year	404,073	548,902
Earnings for the year	403,048	349,672
Withdrawals	(150,000)	(494,501)
Balance, end of year	657,121	404,073
	<hr/> \$ 828,468	<hr/> \$ 528,644

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*.

## 6. Investments in government business enterprises:

Investments in government business enterprises are comprised of the following:

	2017	2016
Bigstone Economic Holdings Ltd. (see 6 (a))	\$ 9,956,926	\$ 9,543,069
Bigstone Health Holdings Ltd. (see 6 (b))	4,000,955	4,141,584
Bigstone Business Trust (see 6 (c))	(80)	(90)
Bigstone Health Commission Business Trust (see 6 (d))	82,665	189,951
Bigstone Management Services Corp. (see 6 (e))	-	-
Kituskeenow Holdings Corp. (see 6 (f))	-	-
Bigstone Forestry Inc. (see 6 (g))	(22,755)	(349,886)
Bigstone Forestry Limited Partnership (see 6 (h))	-	-
S-11 Logging Company Ltd. (see 6 (i))	-	-
	<hr/> \$ 14,017,711	<hr/> \$ 13,524,628

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 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:

	2017	2016
<b>Financial position:</b>		
Current assets	\$ 6,256,893	\$ 5,898,436
Equity-accounted investees	15,951	49
Due from related entities	216,374	124,038
Due from Bigstone Cree Nation	557,104	580,574
Property, plant and equipment	5,163,879	4,608,657
Investment properties	4,458,276	4,707,117
<b>Total assets</b>	<b>16,668,477</b>	<b>15,918,871</b>
 Current liabilities		
Due to Bigstone Cree Nation	5,171,024	5,118,515
Non-current liabilities	5,514,872	5,618,718
<b>Total liabilities</b>	<b>983,403</b>	<b>668,252</b>
 <b>Total equity</b>	<b>\$ 4,999,178</b>	<b>\$ 4,513,386</b>
<i>- attributable to Bigstone Cree Nation</i>	<i>4,999,178</i>	<i>4,513,386</i>
<i>- attributable to Bigstone Business Trust</i>	<i>-</i>	<i>-</i>
 <b>Results of operations:</b>		
Revenues	\$ 23,975,539	\$ 26,394,191
Operating and administrative expenses	23,333,228	24,952,236
<b>Profit before the undernoted</b>	<b>642,311</b>	<b>1,441,955</b>
 Share of profit of equity-accounted investees	15,950	90,430
 Finance costs, net	(172,371)	(190,683)
 <b>Profit and comprehensive income</b>	<b>\$ 485,890</b>	<b>\$ 1,341,702</b>
<i>- attributable to Bigstone Cree Nation</i>	<i>485,890</i>	<i>1,341,702</i>
<i>- attributable to Bigstone Business Trust</i>	<i>-</i>	<i>-</i>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

## 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:

	2017	2016
<b>Financial position:</b>		
Current assets	\$ 1,764,458	\$ 1,596,613
Equity-accounted investees	(186,017)	(164,772)
Due from related entities	43,211	61,736
Due from Bigstone Cree Nation	1,056,301	710,410
Property, plant and equipment	2,702,866	2,942,038
Investment properties	7,531,919	5,503,389
Other non-current assets	157,232	214,360
<b>Total assets</b>	<b>13,069,970</b>	<b>10,863,774</b>
 Current liabilities		
Due to related entities	2,013,067	5,290,654
Due to Bigstone Cree Nation	7,869	-
Non-current liabilities	4,756,677	3,187,023
<b>Total liabilities</b>	<b>12,674,988</b>	<b>8,849,951</b>
 Total equity	\$ 394,982	\$ 2,013,823
- <i>attributable to Bigstone Cree Nation</i>	300,579	1,815,933
- <i>attributable to Bigstone Health Commission Business Trust</i>	94,403	197,890
 <b>Results of operations:</b>		
Revenues	\$ 7,749,168	\$ 7,625,272
Operating and administrative expenses	(8,860,989)	(7,342,136)
<b>Profit before the undemoted</b>	<b>(1,111,821)</b>	<b>283,136</b>
 Share of loss of equity-accounted investees	(21,245)	(70,810)
 Finance costs, net	(380,131)	(289,948)
 <b>Profit (loss) and comprehensive income (loss)</b>	<b>\$ (1,513,197)</b>	<b>\$ (77,622)</b>
- <i>attributable to Bigstone Cree Nation</i>	(1,479,250)	(275,212)
- <i>attributable to Bigstone Health Commission Business Trust</i>	(33,947)	197,590

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 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:

	2016	2015
Financial position:		
Due from Bigstone Cree Nation	\$ 21,411	\$ 10
Equity-accounted investees	100	100
Total assets	21,511	110
<u>Current liabilities</u>	200	200
Total liabilities	200	200
<b>Total equity (deficiency)</b>	<b>\$ 21,311</b>	<b>\$ (90)</b>
Results of operations:		
Share of income of equity-accounted investees	\$ 13,901	\$ -
<b>Income and comprehensive income</b>	<b>\$ 13,901</b>	<b>\$ -</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 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:

	2016	2015
<b>Financial position:</b>		
Due from Bigstone Cree Nation	\$ 10	\$ 10
Equity-accounted investees	85,695	197,941
<b>Total assets</b>	<b>85,705</b>	<b>197,951</b>
 Current liabilities	 3,050	 8,000
Due to Bigstone Cree Nation	8,269	-
<b>Total liabilities</b>	<b>11,319</b>	<b>8,000</b>
 <b>Total equity</b>	 <b>\$ 85,705</b>	 <b>\$ 189,951</b>
 <b>Results of operations:</b>		
Share of (loss) profit of equity-accounted investees	\$ (112,296)	\$ 197,591
Professional fees	(3,269)	(7,500)
<b>(Loss) profit and comprehensive (loss) income</b>	<b>\$ (115,565)</b>	<b>\$ 190,091</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

### (e) Kituskeenow Holdings Corp.:

Kituskeenow Holdings Corp. is currently inactive.

### (f) Bigstone Forestry Inc.:

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

	2017	2016
Financial position:		
Current assets	\$ 100	\$ 100
Equity-accounted investees	-	-
Total assets	100	100
 Due to Bigstone Cree Nation	6,000	6,000
Total liabilities	6,000	6,000
 Total equity (deficiency)	\$ (5,900)	\$ (5,900)
- attributable to Bigstone Cree Nation	(5,900)	(5,900)
- attributable to Bigstone Forestry Limited Partners	-	-
Results of operations:		
Revenues	\$ -	\$ -
Operating and administrative expenses	-	-
Loss before the undernoted	-	-
 Loss and comprehensive loss	\$ -	\$ -
- attributable to Bigstone Cree Nation	-	-
- attributable to Bigstone Forestry Limited Partners	-	-

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

### (g) Bigstone Forestry Limited Partnership:

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

	2017	2016
Financial position:		
Current assets	\$ 107,468	\$ 54,634
Property, plant and equipment	153,801	671,665
Total assets	261,269	726,299
Current liabilities	257,460	1,036,609
Due to Bigstone Cree Nation	174,757	173,647
Non-current liabilities	32,764	39,576
Total liabilities	464,981	1,249,832
Total deficiency	\$ (203,712)	\$ (523,533)
- attributable to Bigstone Cree Nation	-	-
- attributable to Bigstone Forestry Inc.	(203,712)	(523,533)
Results of operations:		
Revenues	\$ 2,765,835	\$ 2,334,818
Operating and administrative expenses	(2,429,817)	(3,175,688)
Profit (loss) before the undernoted	336,018	(840,870)
Finance costs, net	(16,197)	(101,799)
Profit (loss) and comprehensive profit (loss)	\$ 319,821	\$ (942,649)
- attributable to Bigstone Cree Nation	319,821	(413,136)
- attributable to Bigstone Forestry Inc.	-	(529,533)

### (h) S-11 Logging Company Ltd.:

S-11 Logging Company Ltd. represents BCN's commitment to a forestry partnership which includes other First Nation organizations and corporate entities formed to pursue forestry projects. During the year ended March 31, 2017 BCN received \$135,000 (2016 – \$nil) related to this partnership.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 7. Operating lines of credit:

BCN has an operating line of credit with CIBC bearing interest at prime rate plus 1% (2016 – prime rate plus 0.75%), authorized to a maximum of \$2,500,000 (2015 -- \$1,500,000). At March 31, 2017, the operating line of credit had \$2,486,164 (2016 - \$797,518) drawn upon it.

In addition, BCN has an operating line of credit with CIBC bearing interest at prime rate plus 1% (2016 - prime plus 1%), authorized to a maximum of \$600,000 (2016 - \$600,000). At March 31, 2017, this line of credit had not been drawn upon (2016 - \$nil).

The operating lines of credit are collateralized by general security agreement granting 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.

## 8. Government transfers repayable:

	2017	2016
Government of Canada: INAC	\$ 1,091,924	\$ 562,463

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## 9. Deferred revenue:

	2017	2016
Government of Canada: INAC	\$ 3,186,468	\$ 942,169
Health Canada	-	134,033
Other	254,526	188,738
	3,440,994	1,264,940
Province of Alberta: First Nations Development Fund, operating	-	22,526
First Nations Development Fund, capital	632,490	941,133
	632,490	963,659
Other transfers and unearned revenue	1,501,310	1,133,502
	\$ 5,574,794	\$ 3,362,101

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 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:

	2017	2016
<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	\$ 568,492	\$ 603,952
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	171,734	188,707
CMHC Section 95 mortgage on handicap units bearing interest at 2.61% per annum, repayable at \$688 per month including interest, due May 2025	59,796	66,809
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	3,535,447	3,800,289
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	264,456	279,007
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	465,471	503,418
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	331,929	373,554
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	311,186	341,650
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	356,743	387,525
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	1,393,815	1,459,786

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
<b><u>CMHC Housing Projects</u></b>		
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	2,898,285	3,059,837
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	2,447,031	2,618,575
<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 plus accrued interest, due on demand	167,717	195,478
CIBC Mortgage Inc. teacherages loan bearing interest at 5.39% per annum, repayable at \$2,167 plus accrued interest, due on demand	377,000	-
GE Canada school bus loan bearing interest at 8.95% per annum, repayable at \$3,866 per month including interest, matured June 2016	-	11,343
GE Canada school bus loan bearing interest at 7.75% per annum, repayable at 2,175 per month including interest, due August 2020	63,006	79,144
<b><u>Economic Development</u></b>		
CIBC building loan bearing interest at prime plus 1.50% per annum, repayable at \$6,667 per month plus accrued interest, due on demand	646,667	733,334
<b><u>Bigstone Cree Nation Child and Family Services Society</u></b>		
Capital lease, repayable at \$9,799 including interest at 0.353% per annum, due February 2020, collateralized by equipment with a net book value of \$47,841	29,191	38,853

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# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
<hr/>		
<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	944,537	978,077
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	70,789	109,704
	<hr/> \$ 15,103,292	<hr/> \$ 15,829,042

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.

Provided the lenders do not exercise their right to demand repayment of the loans due on demand, the contractually agreed future annual principal repayments of the loans over the next five years and thereafter are as follows:

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2018	\$ 2,045,491
2019	1,108,541
2020	1,095,050
2021	1,078,963
2022	1,096,549
Thereafter	8,678,698
	<hr/> \$ 15,103,292

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 11. Tangible capital assets:

2017	Cost	Accumulated amortization	Net book value
Buildings	\$ 58,611,660	\$ 22,025,880	\$ 36,585,780
Land	3,043,458	-	3,043,458
Infrastructure	11,879,945	3,492,057	8,387,888
Mobile homes	22,253,854	9,130,757	13,123,097
Vehicles	4,754,306	3,543,106	1,208,200
Equipment	1,627,178	922,034	705,144
Modular offices under capital lease	406,459	257,532	148,927
Computer equipment	832,922	517,039	315,883
Fences and signs	194,420	131,950	62,470
Furniture and fixtures	750,727	584,585	166,142
	<b>\$ 104,354,929</b>	<b>\$ 40,607,940</b>	<b>\$ 63,746,989</b>

2016	Cost	Accumulated amortization	Net book value
Buildings	\$ 55,790,029	\$ 19,875,880	\$ 35,914,149
Land	3,043,458	-	3,043,458
Infrastructure	10,608,413	3,285,675	7,322,738
Mobile homes	17,699,550	8,199,351	9,500,199
Vehicles	4,182,355	3,228,571	953,784
Equipment	1,383,243	818,287	564,956
Modular offices under capital lease	406,459	201,596	204,863
Computer equipment	665,834	417,503	248,331
Fences and signs	214,249	123,891	90,358
Furniture and fixtures	711,929	547,729	164,200
	<b>\$ 94,705,519</b>	<b>\$ 36,698,483</b>	<b>\$ 58,007,036</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 12. Accumulated surplus:

	2017	2016
Operating fund:		
Unrestricted (deficiency)	\$ (3,652,688)	\$ (2,029,253)
Settlement trust funds:		
Realized	96,733,045	95,386,569
Accumulated remeasurement gains	<u>5,658,318</u>	<u>5,474,687</u>
	98,738,675	98,832,003
Trust funds held by federal government	828,469	528,644
Invested in government business enterprises (see (i) below)	13,073,174	12,491,031
Moveable Assets Reserve (see (ii) below)	375,911	349,656
Invested in tangible capital assets (see (iii) below)	48,537,277	42,092,292
	<hr/> \$ 161,553,506	<hr/> \$ 154,293,626

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 12. Accumulated surplus (continued):

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

	2017	2016
Investments in government business enterprises	\$ 14,017,711	\$ 13,469,108
Long-term debt related to government business enterprises	(944,537)	(978,077)
	<b>\$ 13,073,174</b>	<b>\$ 12,491,031</b>

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

	2017	2016
Balance, beginning of year	\$ 349,656	\$ 349,656
Amount advanced during the year	349,656	349,656
Expenses (acquisition and replacement)	(323,401)	(349,656)
Balance, end of year	<b>\$ 375,911</b>	<b>\$ 349,656</b>

During the year ended March 31, 2015 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 (2016 – \$349,626).

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

	2017	2016
Tangible capital assets	\$ 63,746,989	\$ 57,994,214
Long-term debt related to tangible capital assets	(14,158,755)	(14,850,965)
Moveable asset reserve initial contribution	(1,050,957)	(1,050,957)
Balance, end of year	<b>\$ 48,537,277</b>	<b>\$ 42,092,292</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 13. Government transfers:

	Budget	2017	2016
Government of Canada, operating:			
INAC - contribution funding, BCN	\$ 19,997,142	\$ 25,181,918	\$ 21,638,112
INAC - non-contribution funding, BCN	-	-	7,591
INAC - contribution funding, Bigstone Cree Nation Child and Family Services Society	4,501,649	5,208,876	4,181,251
CMHC	42,000	1,076,441	887,645
Health Canada	15,489,834	19,810,013	18,640,550
Service Canada	1,366,378	1,827,056	1,876,749
Other government of Canada agencies	196,211	546,353	324,672
Government of Canada, capital:			
Health Canada moveable assets reserve	349,656	349,656	349,656
Province of Alberta, operating:			
Province of Alberta and other agencies	1,519,381	1,281,620	1,094,555
Province of Alberta, capital:			
First Nations Development Fund	425,000	1,496,265	485,000
	\$ 43,887,251	\$ 56,778,198	\$ 49,485,781

## 14. Investment income:

	2017	2016
Investment income, net	\$ 4,208,272	\$ 4,172,960
Realized gains on disposal of investments	1,010,467	194,906
	\$ 5,218,739	\$ 4,367,866

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## 15. Expenses by object:

	Budget	2017	2016
Salaries, wages, benefits and honoraria	\$ 12,437,772	\$ 13,926,183	\$ 14,317,674
Tuition and training	10,433,533	10,155,120	11,145,414
Non-insured health benefit program costs	8,550,000	9,700,022	8,809,313
Program delivery	6,201,091	7,697,901	7,890,154
Amortization of tangible capital assets	20,004	3,987,608	3,474,028
Administration and office	2,721,130	3,116,886	3,399,452
Repairs and maintenance	2,903,987	3,687,375	3,008,324
Professional fees	1,134,325	2,077,907	2,309,642
Other	2,447,823	2,606,203	2,198,981
Travel and meetings	1,034,496	1,179,457	1,077,524
Utilities	767,583	757,562	862,618
Interest and bank charges	155,212	466,120	487,303
Community distributions	-	854,277	762,622
Per capita distributions	-	14,000	45,500
Bad debts	-	304,244	365,338
	\$ 48,806,956	\$ 60,530,865	\$ 60,153,887

## 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, 2017

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## **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, 2017 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, 2017

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## **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 portfolio investments - settlement trust funds as disclosed in note 4 as well as variable interest bearing operating lines of credit as disclosed in note 7 and long-term debt as disclosed in note 10.

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.

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.

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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## **19. Trusts under administration:**

Trusts under administration comprise the net investments held within the Bigstone Cree Nation Children's Trust in the amount of \$5,662,529 (2016 - \$6,043,761) 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% (2016 – 1.0%).

## **20. Prior year comparative financial information**

Certain comparative financial information has been reclassified to conform to current year's financial statements' presentation.