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Consolidated Financial Statements of

**BIGSTONE CREE NATION**

Year ended March 31, 2018

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**INDIGENOUS SERVICES  
CANADA  
AB Region - IM EDM OFFICE**

# BIGSTONE CREE NATION

## Consolidated Financial Statements

Year ended March 31, 2018

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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 Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Chief and Council maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Chief and Council's assets are appropriately accounted for and adequately safeguarded.

The Chief and 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. This responsibility is carried out principally through Chief and Council.

The Chief and Council review and approve the financial statements. The Chief and 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 Chief and Council also approves the engagement of the external auditor.

The financial statements have been audited by the independent firm KPMG LLP in accordance with Canadian generally accepted 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**

July 30, 2018  
Wabasca, Canada



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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, 2018, the consolidated statements of operations and accumulated 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, 2018, 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*

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Chartered Professional Accountants

July 30, 2018  
Edmonton, Canada



# BIGSTONE CREE NATION

## Consolidated Statement of Financial Position

March 31, 2018, with comparative information for 2017

	2018	2017
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 6,537,596 ✓	\$ 6,917,072 ✓
Restricted cash and temporary investments (note 2)	302,560 ✓	302,141 ✓
Accounts receivable (note 3)	3,357,921 ✓	3,419,758 ✓
Portfolio investments - settlement trust funds (note 4)	103,601,596 ✓	102,391,363 ✓
Trust funds held by federal government (note 5)	1,097,486 ✓	828,469 ✓
Investments in government business enterprises (note 6)	20,824,447 ✓	14,017,711 ✓
	135,721,606	127,876,514
<b>Liabilities:</b>		
Operating lines of credit (note 7)	2,718,207 ✓	2,486,164 ✓
Accounts payable and accrued liabilities	7,121,073 ✓	6,015,086 ✓
Government transfers repayable (note 8)	1,489,876 ✓	1,091,924 ✓
Deferred revenue (note 9)	6,269,586 ✓	5,574,794 ✓
Long-term debt (note 10)	13,998,225 ✓	15,103,292 ✓
	31,596,967	30,271,260
<b>Net financial assets</b>	<b>104,124,639</b>	<b>97,605,254</b>
<b>Non-financial assets:</b>		
Prepaid expenses and deposits	275,185 ✓	201,263 ✓
Tangible capital assets (note 11)	62,426,034 ✓	63,746,989 ✓
	62,701,219	63,948,252
<b>Accumulated surplus (note 12)</b>	<b>\$ 166,825,858 ✓</b>	<b>\$ 161,553,506 ✓</b>
<b>Accumulated surplus is comprised of the following:</b>		
Accumulated operating surplus	\$ 156,650,181	\$ 152,895,188
Accumulated remeasurement gains	10,175,677	8,658,318
<b>Accumulated surplus</b>	<b>\$ 166,825,858</b>	<b>\$ 161,553,506</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, 2018, with comparative information for 2017

	2018	2017
Revenues:		
Government transfers (note 13)	\$ 56,105,894 ✓	\$ 56,778,198
Net amounts recognized (deferred) (note 9)	(974,481) ✓	(2,157,220)
Government transfers to be repaid (note 8)	(397,952) ✓	(529,462)
	54,733,461	54,091,516
User fees, rent and sales of goods and services	6,369,495 ✓	4,075,409
Property taxes	516,805 ✓	748,507
Investment income (note 14)	4,201,516 ✓	5,218,739
Amounts earned and held in trust by federal government (note 5)	509,017 ✓	449,824
Other income	661,400	-
	66,991,694	64,583,995
Expenses (note 15):		
Administration and governance	5,708,284 ✓	4,872,486
Lands	167,772	428,247
Social	9,587,786	7,211,235
Housing	5,104,694	3,463,312
Public works	4,156,832	4,456,098
Human resource development	1,329,759	1,600,187
Education and child development	18,352,289	15,136,388
Economic development	1,426,115	1,345,347
Health	22,715,329	21,019,954
Other	22,107	129,334
Community and per capita distributions	1,482,392	868,277
	70,053,359 ✓	60,530,865
Annual operating surplus (deficit) before the undernoted	(3,061,665) ✓	4,053,130 ✓
Income from investments in government business enterprises (note 6)	6,816,658	23,119
Annual operating surplus	3,754,993	4,076,249
Accumulated operating surplus, beginning of year	152,895,188	148,818,939
Accumulated operating surplus end of year	\$ 156,650,181	\$ 152,895,188

See accompanying notes to consolidated financial statements.

# **BIGSTONE CREE NATION**

## **Consolidated Statement of Remeasurement Gains and Losses**

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Accumulated remeasurement gains, beginning of year	\$ 8,658,318	\$ 5,474,687
Unrealized gains attributable to fair value changes in portfolio investments - settlement trust funds	1,517,359	3,183,631
Accumulated remeasurement gains, end of year	\$ 10,175,677	\$ 8,658,318

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Annual operating surplus	\$ 3,754,993	\$ 4,076,249
Acquisition of tangible capital assets	(3,873,308)	(9,740,383)
Proceeds from disposition of tangible capital assets	476,066	-
Gain on disposal of tangible capital assets	-	-
Amortization of tangible capital assets	4,718,197	3,987,608
	5,075,948	(1,676,526)
Increase in prepaid expenses and deposits	(73,922)	(67,739)
Unrealized gains attributable to fair value changes in portfolio investments - settlement trust funds	1,517,359	3,183,631
Increase in net financial assets	6,519,385	1,439,366
Net financial assets, beginning of year	97,605,254	96,165,888
Net financial assets, end of year	\$ 104,124,639	\$ 97,605,254

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating transactions:		
Annual operating surplus	\$ 3,754,993	\$ 4,076,249
Items which do not involve cash:		
Amortization of tangible capital assets	4,718,197	3,987,608
Gain on disposal of tangible capital assets	-	-
Income from investments in government business enterprises	(6,816,658)	(23,119)
Change in non-cash operating working capital:		
Accounts receivable	61,837	(650,243)
Accounts payable and accrued liabilities	1,105,987	1,138,178
Government transfers repayable	397,952	529,461
Deferred revenue	694,792	2,212,693
Prepaid expenses and deposits	(73,922)	(67,739)
	3,843,178	11,203,088
Capital transactions:		
Acquisition of tangible capital assets	(3,873,308)	(9,740,383)
Proceeds from disposition of tangible capital assets	476,066	-
	(3,397,242)	(9,740,383)
Investing transactions:		
(Increase) decrease in restricted cash and temporary investments	(419)	242,155
Proceeds from portfolio investments - settlement trust funds, net	307,126	1,653,524
(Increase) in trust funds held by federal government	(269,017)	(299,825)
(Increase) decrease in investments in government business enterprises	9,922	(469,964)
	47,612	1,125,890
Financing transactions:		
Proceeds from (repayments of) operating line of credit	232,043	1,688,646
Repayments of long-term debt, net of proceeds	(1,105,067)	(725,750)
	(873,024)	962,896
Increase in cash and cash equivalents	(379,476)	3,551,491
Cash and cash equivalents, beginning of year	6,917,072	3,365,581
Cash and cash equivalents, end of year	\$ 6,537,596	\$ 6,917,072

See accompanying notes to consolidated financial statements.

# BIGSTONE CREE NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2018

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

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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
North Central Aboriginal Economic Development Association, 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, 2018

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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, 2018

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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, 2018

## 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, 2018

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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.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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## 1. Significant accounting policies (continued):

### (j) Change in accounting policies:

The Chief and Council has adopted the following accounting standards effective April 1, 2017: PS2200 *Related Party Disclosures*; PS3420 *Inter-entity Transactions*; PS3210 *Assets*; PS3320 *Contingent Assets*; and PS3380 *Contractual Rights*. The effect of adopting these standards has resulted in no changes in the accounting treatment and disclosures in the financial statements.

### (k) Future accounting changes:

The following accounting standards are applicable in future: PS3430 *Restructuring Transactions* - effective April 1, 2018; and PS3280 *Asset Retirement Obligations* - effective April 1, 2021. The Chief and Council's management is currently assessing the impact of the new accounting standards on its financial statements.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 2. Restricted cash and temporary investments:

	2018		2017
Non-Insured Health Benefits (NIHB) contingency reserve account (see (a) below)	157,212	\$	157,491
Other temporary investments (see (b) below)	145,348		144,650
	\$ 302,560	\$	302,141

(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% (2017 - 0.5%) per annum with various maturity dates in the next fiscal year.

## 3. Accounts receivable:

	2018		2017
Trade and other amounts receivable	\$ 6,851,766	\$	5,504,847
Indigenous and Northern Affairs Canada (INAC)	441,175 ✓		580,608 ✓
Canada Mortgage and Housing Corporation (CMHC)	115,445 ✓		157,839 ✓
First Nations Development Fund (FNDF)	511,532 ✓		501,318 ✓
Other contributions receivable	48,241 ✓		88,241
Goods and services tax receivable	637,259 ✓		592,435
	8,605,418		7,425,288
Less: allowance for doubtful accounts	(5,247,497) ✓		(4,005,530) ✓
	\$ 3,357,921	\$	3,419,758

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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:

	2018	2017
Bigstone Cree Nation Trust	\$ 64,760,971	\$ 62,927,189
Calling Lake Capital Trust	(17,727)	288,662
Calling Lake Community Trust	9,440,516	9,173,705
Chipewyan Lake Capital Trust	22,021	1,547,712
Chipewyan Lake Community Trust	9,139,991	8,860,848
Off Reserve Members' and Affiliates' Trust	10,599,504	10,251,799
Wabasca/Desmarais Community Trust	9,656,320	9,341,448
	<b>\$ 103,601,596</b>	<b>\$ 102,391,363</b>

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

	2018	2017
Cash	\$ 1,251,705	\$ 3,184,879
Canadian diversified income pool	35,528,528	34,299,966
Canadian bond pool	16,696,630	15,339,772
Global equity income pool	10,421,183	9,843,004
Short-term bond pool	11,208,114	10,706,632
Corporate bond pool	9,262,044	9,206,748
Money market pool	3,210,334	4,033,647
Canadian dividend income pool	5,255,184	5,311,983
U.S. equity pool	4,672,245	4,674,674
High yield bond fund	5,203,138	5,209,545
Equity high income pool	1,134,175	1,166,610
Liabilities, net	(241,684)	(586,097)
	<b>\$ 103,601,596</b>	<b>\$ 102,391,363</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 5. Trust funds held by federal government:

	2018	2017
<b>Capital fund:</b>		
Balance, beginning of year	\$ 171,347	\$ 124,571
Earnings for the year	115,402	46,776
Withdrawals	-	-
Balance, end of year	286,749	171,347
<b>Revenue fund:</b>		
Balance, beginning of year	657,121	404,073
Earnings for the year	393,616	403,048
Withdrawals	(240,000)	(150,000)
Balance, end of year	810,737	657,121
	<b>\$ 1,097,486</b>	<b>\$ 828,468</b>

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:

	2018	2017
Bigstone Economic Holdings Ltd. (see 6 (a))	\$ 15,862,223	\$ 9,956,926
Bigstone Health Holdings Ltd. (see 6 (b))	4,468,422	4,000,955
Bigstone Business Trust (see 6 (c))	17,490	(80)
Bigstone Health Commission Business Trust (see 6 (d))	(3,180)	82,665
Kituskeenow Holdings Corp. (see 6 (e))	-	-
Bigstone Forestry Inc. (see 6 (f))	(508,810)	6,200
Bigstone Forestry Limited Partnership (see 6 (g))	988,302	(28,955)
North Central Aboriginal Economic Development Association (see 6 (h))	-	-
	<b>\$ 20,824,447</b>	<b>\$ 14,017,711</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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:

	2018	2017
<b>Financial position:</b>		
Current assets	\$ 17,479,566	\$ 6,218,559
Equity-accounted investees	100	15,951
Due from related entities	128,649	216,374
Due from Bigstone Cree Nation	1,068,480	557,104
Property, plant and equipment	8,438,046	5,163,879
Rent receivable	26,833	38,334
Investment properties	527,836	4,458,276
Total assets	27,669,510	16,668,477
Current liabilities	8,635,218	5,171,024
Due to Bigstone Cree Nation	4,131,822	5,514,872
Non-current liabilities	2,103,589	983,403
Total liabilities	14,870,629	11,669,299
Total equity	\$ 12,798,881	\$ 4,999,178
- attributable to Bigstone Cree Nation	12,798,881	4,999,178
- attributable to Bigstone Business Trust	-	-
<b>Results of operations:</b>		
Revenues	\$ 52,381,907	\$ 23,975,539
Operating and administrative expenses	45,020,390	23,333,228
Profit before the undernoted	7,361,517	642,311
Share of profit (loss) of equity-accounted investees	(15,950)	15,950
Recoveries on dispositions of equity-accounted investees	584,523	-
Finance costs, net	(150,486)	(172,371)
Profit and comprehensive income	\$ 7,779,604	\$ 485,890
- attributable to Bigstone Cree Nation	7,779,604	485,890
- attributable to Bigstone Business Trust	-	-



# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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:

	2018	2017
<b>Financial position:</b>		
Current assets	\$ 2,065,356	\$ 1,764,458
Equity-accounted investees	(171,405)	(186,017)
Due from related entities	1,325,187	43,211
Due from Bigstone Cree Nation	22,275	1,056,301
Property, plant and equipment	1,822,190	2,702,866
Investment properties	11,069,514	7,531,919
Other non-current assets	-	157,232
<b>Total assets</b>	<b>16,133,117</b>	<b>13,069,970</b>
Current liabilities	10,377,490	2,013,067
Due to related entities	5,280,318	7,869
Due to Bigstone Cree Nation	1,857,681	4,756,677
Non-current liabilities	40,482	5,897,375
<b>Total liabilities</b>	<b>17,555,971</b>	<b>12,674,988</b>
<b>Total equity</b>	<b>\$ (1,422,854)</b>	<b>\$ 394,982</b>
- attributable to Bigstone Cree Nation	(1,422,854)	300,579
- attributable to Bigstone Health Commission Business Trust	-	94,403
<b>Results of operations:</b>		
Revenues	\$ 8,332,495	\$ 7,749,168
Operating and administrative expenses	(9,139,214)	(8,860,989)
<b>Profit before the undernoted</b>	<b>(806,719)</b>	<b>(1,111,821)</b>
Share of income (loss) of equity-accounted investees	14,612	(21,245)
Finance costs, net	(466,495)	(380,131)
<b>Profit (loss) and comprehensive income (loss)</b>	<b>\$ (1,258,602)</b>	<b>\$ (1,513,197)</b>
- attributable to Bigstone Cree Nation	(1,172,857)	(1,479,250)
- attributable to Bigstone Health Commission Business Trust	(85,744)	(33,947)

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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:

	2017	2016
Financial position:		
Due from Bigstone Cree Nation	\$ 23,000	\$ 21,411
Equity-accounted investees	18,105	100
Total assets	41,105	21,511
Due to related entities	615	200
Total liabilities	615	200
Beneficiary current accounts	\$ 40,490	\$ 21,311
Results of operations:		
Share of income of equity-accounted investees	\$ 19,179	\$ 13,901
Income and comprehensive income	\$ 19,179	\$ 13,901

# **BIGSTONE CREE NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## **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:

	2017	2016
Financial position:		
Due from Bigstone Cree Nation	\$ 10	\$ 10
Equity-accounted investees	50	85,695
Total assets	60	85,705
Current liabilities	2,500	3,050
Due to Bigstone Cree Nation	10,089	8,269
Total liabilities	12,589	11,319
Total equity	\$ (12,529)	\$ 85,705
Results of operations:		
Share of loss of equity-accounted investees	\$ (85,845)	\$ (112,296)
Professional fees	(1,070)	(3,269)
Loss and comprehensive loss	\$ (86,915)	\$ (115,565)

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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:

	2018	2017
Financial position:		
Current assets	\$ 100	\$ 100
Equity-accounted investees	6,000	-
Total assets	6,100	100
Due to Bigstone Cree Nation	6,000	6,000
Total liabilities	6,000	6,000
Total equity (deficiency)	\$ 100	\$ (5,900)
- attributable to Bigstone Cree Nation	100	(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, 2018

## 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:

	2018	2017
Financial position:		
Current assets	\$ 596,255	\$ 107,468
Property, plant and equipment	329,137	153,801
Total assets	925,392	261,269
Current liabilities	162,994	257,460
Due to Bigstone Cree Nation	252,679	174,757
Non-current liabilities	160,984	32,764
Total liabilities	576,657	464,981
Total partners' capital (deficiency)	\$ 348,735	\$ (203,712)
- attributable to Bigstone Cree Nation	348,735	-
- attributable to Bigstone Forestry Inc.	-	(203,712)
Results of operations:		
Revenues	\$ 5,560,896	\$ 2,765,835
Operating and administrative expenses	(4,989,791)	(2,429,817)
Profit (loss) before the undernoted	571,105	336,018
Finance costs, net	(18,658)	(16,197)
Profit (loss) and comprehensive profit (loss)	\$ 552,447	\$ 319,821
- attributable to Bigstone Cree Nation	552,447	319,821
- attributable to Bigstone Forestry Inc.	-	-

### (h) North Central Aboriginal Economic Development Association:

North Central Aboriginal Economic Development Association 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, 2018 BCN received \$nil (2017 - \$135,000) related to this partnership.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 7. Operating lines of credit:

BCN has an operating line of credit with CIBC bearing interest at prime rate plus 0.75% (2017 - prime rate plus 0.75%), authorized to a maximum of \$3,100,000 (2017 - \$2,500,000). At March 31, 2018, the operating line of credit had \$2,718,207 (2017 - \$2,486,164) drawn upon it.

In addition, BCN has an operating line of credit with CIBC bearing interest at prime rate plus 0.75% (2017 - prime plus 0.75%), authorized to a maximum of \$2,000,000 (2017 - \$600,000). At March 31, 2018, this line of credit had not been drawn upon (2017 - \$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:

	2018	2017
Government of Canada:		
INAC	\$ 1,489,876	\$ 1,091,924

## 9. Deferred revenue:

	2018	2017
Government of Canada:		
INAC	\$ 2,604,894	\$ 3,186,468
Health Canada	21,923	-
Other	1,121,030	254,526
	3,747,847	3,440,994
Province of Alberta:		
First Nations Development Fund, operating	-	-
First Nations Development Fund, capital	1,136,184	632,490
	1,136,184	632,490
Other transfers and unearned revenue	1,385,555	1,501,310
	\$ 6,269,586	\$ 5,574,794

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 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:

	2018	2017
<u>CMHC Housing Projects</u>		
CMHC Section 95 mortgage on 10 unit project bearing interest at 1.13% per annum, repayable at \$3,620 per month including interest, due May 2031	A \$ 531,272	\$ 568,492
CMHC Section 95 mortgage on 5 unit project bearing interest at 1.31% per annum, repayable at \$1,630 per month including interest, due July 2025	A 154,318	171,734
CMHC Section 95 mortgage on handicap units bearing interest at 0.94% per annum, repayable at \$634 per month including interest, due May 2025	A 52,717	59,796
CMHC Section 95 mortgage on 43 unit project bearing interest at 2.11% per annum, repayable at \$28,498 per month including interest, due November 2028	A 3,265,168	3,535,447
CMHC Section 95 mortgage on 3 unit project bearing interest at 2.39% per annum, repayable at \$1,666 per month including interest, due January 2033	A 249,678	264,456
CMHC Section 95 mortgage on 6 unit project bearing interest at 1.67% per annum, repayable at \$3,835 per month including interest, due April 2028	A 426,906	465,471
CMHC Section 95 mortgage on 11 unit project bearing interest at 2.01% per annum, repayable at \$4,059 per month including interest, due July 2024	A 289,481	331,929
CMHC Section 95 mortgage on 9 unit project bearing interest at 1.31% per annum, repayable at \$2,928 per month including interest, due August 2026	A 279,925	311,186
CMHC Section 95 mortgage, special allocation on 6 unit project bearing interest at 2.06% per annum, repayable at \$3,146 per month including interest, due September 2027	A 325,618	356,743

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

	2018	2017
<u>CMHC Housing Projects</u>		
CMHC Section 95 mortgage on 12 unit project bearing interest at 1.83% per annum, repayable at \$7,665 per month including interest, due December 2034	A \$ 1,326,692	\$ 1,393,815
CMHC Section 95 mortgage on 20 unit project bearing interest at 2.06% per annum, repayable at \$18,016 per month including interest, due November 2032	A 2,736,027	2,898,285
CMHC Section 95 mortgage on 25 unit project bearing interest at 0.94% per annum, repayable at \$16,277 per month including interest, due July 2030	A 2,273,926	2,447,031
<u>Education - Community School</u>		
CIBC Mortgage Inc. Teacherages Mortgage bearing interest at 6.85% per annum, repayable at \$3,356 per month plus accrued interest, due February 2022	A 135,442	167,717
CIBC Education Trailers loan bearing interest at prime plus 0.75% per annum, repayable at \$2,167 plus accrued interest, due on October 2029	A 351,000	377,000
BMO School Bus loan bearing interest at 7.75% per annum, repayable at \$2,175 per month (excluding July and August) including interest, due July 2020	A 45,587	63,006
<u>Economic Development</u>		
CIBC building loan bearing interest at prime plus 0.75% per annum, repayable at \$6,667 per month plus accrued interest, due on demand	A 566,667	646,667
<u>Bigstone Cree Nation Child and Family Services Society</u>		
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	A 19,495	29,191



# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

	2018	2017
<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 on demand	NA \$ 937,541	\$ 944,537
Royal Bank of Canada CMHC Section 10 mortgage bearing interest at 2.83% per annum, repayable at \$3,460 per month including interest, due on demand	A 30,765	70,789
	\$ 13,998,225	\$ 15,103,292

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 Bigstone Oilfield Services & Supplies 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.

During the year, Bigstone Health Commission did not repay its Royal Bank of Canada term loan which was repayable in full by May 29, 2017. As such, the Commission was in default of its lending agreement with Royal Bank of Canada. No action was taken by the lender as a result of the events of default. Subsequent to year end, payments of \$80,000 have been made towards the outstanding balance. In addition, the loan was renegotiated and paid out on June 27, 2018 and is no longer a debt of Bigstone Health Commission.

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

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

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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2019	\$ 2,043,128
2020	1,093,600
2021	1,087,700
2022	1,093,812
2023	1,076,094
Thereafter	7,603,891
	<hr/>
	\$ 13,998,225

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# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 11. Tangible capital assets:

2018	Cost	Accumulated amortization	Net book value
Buildings	\$ 59,100,436	\$ 23,708,834	\$ 35,391,602
Land	3,043,458	-	3,043,458
Infrastructure	12,147,767	3,920,876	8,226,891
Mobile homes	22,735,756	10,765,261	11,970,495
Vehicles	5,876,434	4,040,585	1,835,849
Equipment	2,427,047	1,067,298	1,359,749
Modular offices under capital lease	406,459	298,178	108,281
Computer equipment	851,976	607,988	243,988
Fences and signs	194,420	129,746	64,674
Furniture and fixtures	804,208	623,161	181,047
	\$ 107,587,961	\$ 45,161,927	\$ 62,426,034

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	3,546,106	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
	\$ 104,354,929	\$ 40,607,940	\$ 63,746,989

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 12. Accumulated surplus:

	2018	2017
Operating fund:		
Unrestricted (deficiency)	\$ (6,700,981)	\$ (3,652,688)
Settlement trust funds:		
Realized	93,425,919	96,733,045
Accumulated remeasurement gains	10,175,677	5,658,318
	<u>96,900,615</u>	<u>98,738,675</u>
Trust funds held by federal government	1,097,486	828,469
Invested in government business enterprises (see (i) below)	19,886,906	13,073,174
Moveable Assets Reserve (see (ii) below)	626,458	375,911
Invested in tangible capital assets (see (iii) below)	48,314,393	48,537,277
	<u>\$ 166,825,858</u>	<u>\$ 161,553,506</u>

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

	2018	2017
Investments in government business enterprises	\$ 20,824,447	\$ 14,017,711
Long-term debt related to government business enterprises	(937,541)	(944,537)
	<u>\$ 19,886,906</u>	<u>\$ 13,073,174</u>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 12. Accumulated surplus (continued):

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

	2018	2017
Balance, beginning of year	\$ 375,911	\$ 349,656
Amount advanced during the year	349,656	349,656
Expenses (acquisition and replacement)	(99,109)	(323,401)
Balance, end of year	\$ 626,458	\$ 375,911

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.

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

	2018	2017
Tangible capital assets	\$ 62,426,034	\$ 63,746,989
Long-term debt related to tangible capital assets	(13,060,684)	(14,158,755)
Moveable asset reserve initial contribution	(1,050,957)	(1,050,957)
Balance, end of year	\$ 48,314,393	\$ 48,537,277

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 13. Government transfers:

	2018	2017
Government of Canada, operating:		
INAC - contribution funding, BCN	\$ 24,065,055 ✓	\$ 25,181,918
INAC - non-contribution funding, BCN	-	-
INAC - contribution funding, Bigstone Cree Nation Child and Family Services Society	4,882,768 ✓	5,208,876
CMHC	1,276,617 ✓	1,076,441
Health Canada	20,725,058 ✓	19,810,013
Service Canada	1,993,821 ✓	1,827,056
Other government of Canada agencies	470,556 ✓	546,353
Government of Canada, capital:		
Health Canada moveable assets reserve	349,656 ✓	349,656
Province of Alberta, operating:		
Province of Alberta and other agencies	919,363 ✓	1,281,620
Province of Alberta, capital:		
First Nations Development Fund	1,423,000 ✓	1,496,265
	<b>\$ 56,105,894</b>	<b>\$ 56,778,198</b>

## 14. Investment income:

	2018	2017
Investment income, net	\$ 4,171,118	\$ 4,208,272
Realized gains on disposal of investments	30,398	1,010,467
	<b>\$ 4,201,516</b>	<b>\$ 5,218,739</b>

# BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2018

## 15. Expenses by object:

	2018	2017
Salaries, wages, benefits and honoraria	\$ 14,882,654	\$ 13,926,183
Non-insured health benefit program costs	10,473,479	9,700,022
Tuition and training	10,245,642	10,155,120
Program delivery	10,062,083	7,697,901
Administration and office	4,528,184	3,116,886
Amortization of tangible capital assets	4,718,197	3,987,608
Repairs and maintenance	5,254,235	3,687,375
Professional fees	2,449,813	2,077,907
Other	1,173,227	2,606,203
Travel and meetings	2,839,600	1,179,457
Community and per capita distributions	941,967	868,277
Utilities	780,440	757,562
Interest and bank charges	461,871	466,120
Bad debts	1,241,967	304,244
	<u>\$ 70,053,359</u>	<u>\$ 60,530,865</u>

## 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, 2018

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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, 2018 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, 2018

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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 \$5,319,980 (2017 - \$5,662,529) 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 1.5% (2017 - 1.0%).

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

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