

Non-Consolidated Financial Statements of

BIGSTONE CREE NATION

Year ended March 31, 2021

BIGSTONE CREE NATION

Non-Consolidated Financial Statements

Year ended March 31, 2021

Management's Responsibility for the Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying non-consolidated financial statements of Bigstone Cree Nation (the "Nation") are the responsibility of management and have been approved by the Chief and Council.

The non-consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The non-consolidated 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 non-consolidated financial statements are presented fairly, in all material respects.

Management 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 Nation's assets are appropriately accounted for and adequately safeguarded.

Those charged with governance are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the non-consolidated financial statements. This responsibility is carried out principally through the Chief and Council.

The Chief and Council review and approve the non-consolidated financial statements. The Chief and Council meet 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 non-consolidated financial statements and the external auditors' report. The Chief and Council also approves the engagement of the external auditor.

The non-consolidated 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 non-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 Chief and Council of the Nation, stating the scope of their examination and opinion on the non-consolidated financial statements, follows.

On behalf of Bigstone Cree Nation:



Shannon Ladouceur-Alook
Finance Director

Wabasca, Canada

October 13, 2021



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INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Bigstone Cree Nation

Qualified Opinion

We have audited the non-consolidated financial statements of Bigstone Cree Nation (the "Entity"), which comprise:

- the non-consolidated statement of financial position as at March 31, 2021
- the non-consolidated statement of operations and accumulated operating surplus for the year then ended
- the non-consolidated statement of changes in net financial assets for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the effects and possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards require the disclosure of budget information in the financial statements. As the Entity did not prepare presentable budget information for the year ended March 31, 2021, these required disclosures have not been provided.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 1(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

The financial statements are prepared for management of the Entity, its lenders and the entities that provide funding to the Entity.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line underneath.

Chartered Professional Accountants

Edmonton, Canada

October 13, 2021

BIGSTONE CREE NATION

Non-Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 22,929,946	\$ 16,462,361
Restricted cash (note 2)	773,703	419,763
Temporary investments (note 3)	1,148,908	500,000
Accounts receivable (note 4)	3,723,800	4,500,267
Due from related parties (note 5)	11,233,228	12,496,089
Trust funds held by federal government (note 6)	886,235	1,368,933
Investment in subsidiaries, at cost (note 7)	122	122
	40,695,942	35,747,535
Liabilities:		
Accounts payable and accrued liabilities	2,594,799	4,248,968
Government transfers repayable (note 8)	2,879,192	2,342,397
Deferred revenue (note 9)	16,362,795	12,305,388
Long-term debt (note 10)	9,784,435	10,870,185
	31,621,221	29,766,938
Net financial assets	9,074,721	5,980,597
Non-financial assets:		
Prepaid expenses and deposits	551,619	471,458
Tangible capital assets (note 11)	57,744,216	57,738,688
	58,295,835	58,210,146
Accumulated operating surplus (note 12)	\$ 67,370,556	\$ 64,190,743

Commitments, contingencies and guarantees (note 14)

See accompanying notes to financial statements.

Approved by Bigstone Cree Nation:

BIGSTONE CREE NATION

Non-Consolidated Statement of Operations and Accumulated Operating Surplus

March 31, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Government transfers (note 13)	\$ 42,119,827	\$ 45,537,773
Net amounts deferred (note 9)	(4,057,409)	(2,610,235)
Government transfers to be repaid (note 8)	(549,875)	(1,423,700)
	37,512,543	41,503,838
User fees, rent and sales of goods and services	6,988,397	9,243,444
Distributions from trusts	1,217,421	376,588
Local government fees	840,000	1,000,000
Property taxes	438,522	456,251
Amounts earned and held in trust by federal government (note 6)	404,625	1,035,963
Other income	270,530	1,218,020
Gain (loss) on disposition of tangible capital assets	165,971	(48,698)
	47,838,009	54,785,406
Expenses:		
Education and child development	22,228,306	24,697,329
Administration and governance	8,337,327	5,779,491
Housing	4,749,051	4,838,577
Public works and fire department	4,163,893	4,310,355
Economic development	2,054,998	2,944,451
Social	1,273,729	2,540,992
Human resource development	945,913	2,415,473
Other	818,936	22,309
Lands	86,043	104,178
	44,658,196	47,653,155
Annual operating surplus	3,179,813	7,132,251
Accumulated operating surplus, beginning of year	64,190,743	57,058,492
Accumulated operating surplus, end of year	\$ 67,370,556	\$ 64,190,743

See accompanying notes to financial statements.

BIGSTONE CREE NATION

Non-Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Annual operating surplus	\$ 3,179,813	\$ 7,132,251
Acquisition of tangible capital assets	(5,769,600)	(6,099,047)
Proceeds on disposition of tangible capital assets	840,469	76,000
Loss (gain) on disposal of tangible capital assets	(165,971)	48,698
Amortization of tangible capital assets	5,089,574	4,645,253
	3,174,285	5,803,155
Increase in prepaid expenses and deposits	(80,161)	(194,156)
Increase in net financial assets	3,094,124	5,608,999
Net financial assets, beginning of year	5,980,597	371,598
Net financial assets, end of year	\$ 9,074,721	\$ 5,980,597

See accompanying notes to financial statements.

BIGSTONE CREE NATION

Non-Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating transactions:		
Annual operating surplus	\$ 3,179,813	\$ 7,132,251
Items which do not involve cash:		
Amortization of tangible capital assets	5,089,574	4,645,253
Loss (gain) on disposal of tangible capital assets	(165,971)	48,698
Change in non-cash operating working capital:		
Accounts receivable	776,467	(827,945)
Accounts payable and accrued liabilities	(1,654,169)	591,465
Government transfers repayable	536,795	(475,883)
Deferred revenue	4,057,407	4,510,319
Prepaid expenses and deposits	(80,161)	(194,156)
	11,739,755	15,430,002
Capital transactions:		
Acquisition of tangible capital assets	(5,769,600)	(6,099,047)
Proceeds on disposition of tangible capital assets	840,469	76,000
	(4,929,131)	(6,023,047)
Investing transactions:		
Purchase of temporary investments	(648,908)	-
Decrease in trust funds held by federal government	482,698	114,037
	(166,210)	114,037
Financing transactions:		
Repayments of long-term debt	(1,085,750)	(1,080,950)
Advances from related parties, net of repayments	1,262,861	2,207,101
	177,111	1,126,151
Increase in cash	6,821,525	10,647,143
Cash, beginning of year	16,882,124	6,234,981
Cash, end of year	\$ 23,703,649	\$ 16,882,124
Cash is comprised of:		
Cash and cash equivalents	\$ 22,929,946	\$ 16,462,361
Restricted cash	773,703	419,763
	\$ 23,703,649	\$ 16,882,124

See accompanying notes to financial statements.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements

Year ended March 31, 2021

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 non-consolidated financial statements (the "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) Basis of accounting:

These financial statements have been prepared in accordance with Canadian public sector accounting standards except that they have been prepared on a non-consolidated basis. The financial statements are prepared for management of BCN, its lenders and entities that provide funding to the BCN. As a result, the financial statements may not be suitable for any other purpose.

(b) Reporting entity:

These financial statements include BCN's operations. BCN is comprised of a number of related entities that are accountable to BCN for the administration of their financial affairs and resources. The following related entities are accounted for at cost:

Entity	Year end
Bigstone Business Trust, 100% beneficial interest held in trust for BCN	December 31
Bigstone Health Commission Business Trust, 100% beneficial interest held in trust for BCN	December 31
Bigstone Cree Nation Business Trust, 100% beneficial interest held in trust for BCN	December 31
Bigstone Economic Holdings, 100% beneficial interest held in trust by the Chief and Council of BCN	March 31
Bigstone Health Holdings, 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 CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(b) Reporting entity (continued):

Other related entities that are accountable to BCN but not included in these financial statements include the following:

Entity	Year end
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
Kituskeenow Holdings Corporation	March 31
Mistassini Housing Corporation	March 31
Pekewe Service Society	March 31
Kee Wee Tin Nok Transport Ltd.	March 31
Bigstone Cree Nation Trust	December 31
Calling Lake Community Trust	December 31
Chipewyan Lake Community Trust	December 31
Off Reserve Members' and Affiliates' Trust	December 31
Wabasca/Desmarais Community Trust	December 31

(c) Revenue recognition:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except where the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation which meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose.

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

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

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.

(d) 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.

(e) 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 at fair value as they are managed and evaluated on a fair value basis.

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.

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.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) 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. In the period of settlement, the realized foreign exchange gains and losses are recognized in the statement of operations.

(g) 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% to 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 financial statements.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

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

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

(v) Interest capitalization:

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

(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.

(h) 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.

(i) 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.

(j) Use of estimates:

The preparation of 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 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 Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

1. Significant accounting policies (continued):

(k) Future accounting changes:

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. In 2020, BCN will continue to assess the impact and prepare for the adoption of these standards. While the timing of adoption may vary, the requirements in PS1201 Financial Statement Presentation, PS3450 Financial Instruments, PS2601 Foreign Currency Translation and PS3041 Portfolio Investments must be implemented at the same time.

Public Sector Accounting Standard	Effective Date
PS1201 - Financial Statement Presentation	April 1, 2022
PS3450 - Financial Instruments	April 1, 2022
PS2601 - Foreign Currency Translation	April 1, 2022
PS3041 - Portfolio Investments	April 1, 2022
PS3280 - Asset Retirement Obligations	April 1, 2022
PS3400 - Revenue	April 1, 2023
PSG8 - Purchased Intangibles	April 1, 2023

2. Restricted cash:

Restricted cash includes \$773,703 (2020 - \$419,763) restricted to fund the CMHC replacement reserve.

3. Temporary investments:

	2021	2020
Guaranteed investment certificates, bearing interest at 0.25% - 0.71% (2020 - 0.05%) per annum with maturity dates of June 2021 and November 2021 (2020 - November 2020).	\$ 1,148,908	\$ 500,000
	\$ 1,148,908	\$ 500,000

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

4. Accounts receivable:

	2021	2020
Trade receivables	\$ 8,043,591	\$ 7,208,193
First Nations Development Fund	981,104	261,942
Indigenous Services Canada	859,112	1,963,298
Trade accounts receivable, CMHC Section 95 units	352,748	397,461
Goods and services tax receivable	324,558	272,920
Other contributions receivable	200,479	206,079
CMHC subsidies receivable	-	172,650
	10,761,592	10,482,543
Allowance for doubtful accounts, trade accounts receivable	(6,685,044)	(5,584,815)
Allowance for doubtful accounts, CMHC Section 95 units	(352,748)	(397,461)
	(7,037,792)	(5,982,276)
	\$ 3,723,800	\$ 4,500,267

5. Due from (to) related parties:

	2021	2020
Mistassini Aboriginal Contractors Ltd.	\$ 6,540,000	\$ 6,540,000
Bigstone Truckstop Ltd.	1,912,459	1,912,459
Bigstone Lot 25 Limited Partnership	1,714,958	1,714,958
Bigstone Store Ltd.	490,970	473,970
Bigstone Oilfield Services and Supplies Ltd.	400,310	983,062
Bigstone Oil and Gas Ltd.	339,744	339,744
Keyanew Enterprises Ltd.	130,799	130,799
Bigstone Cree Nation Child and Family Services Society	123,726	123,726
Bigstone Health Holdings	103,475	-
Bigstone Cree Nation Trust	(33,770)	203,308
Other	(66,499)	180,553
Bigstone Health Commission	(117,691)	(106,490)
Bigstone Forestry Inc.	(305,253)	-
	\$ 11,233,228	\$ 12,496,089

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

6. Trust funds held by federal government:

	2021	2020
Capital fund:		
Balance, beginning of year	\$ 75,990	\$ 460,807
Earnings for the year	14,484	28,731
Transfers	(3,573)	(413,548)
Balance, end of year	86,901	75,990
Revenue fund:		
Balance, beginning of year	1,292,943	1,022,163
Earnings for the year	390,141	1,020,780
Transfers	(883,750)	(750,000)
Balance, end of year	799,334	1,292,943
	\$ 886,235	\$ 1,368,933

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*.

7. Investments in subsidiaries:

Investments in subsidiaries are recorded at cost and are comprised of the following entities:

	2021	2020
Bigstone Forestry Inc.	\$ 100	\$ 100
Bigstone Economic Health Holdings Ltd.	11	11
Bigstone Health Holdings Ltd.	11	11
	\$ 122	\$ 122

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

8. Government transfers repayable:

	2021	2020
Government of Canada:		
Indigenous Services Canada:		
Social Services	\$ 2,580,034	\$ 841,372
Finance and Administration	100,003	1,699
Education – Tripartite	46,743	1,343,914
Education – Post Secondary	41,395	41,395
Public Works and Fire Department – Operating	39,692	39,692
Bison Project	28,100	28,100
Land and Estates	24,080	27,080
Education – Community School	15,313	15,313
Education – Administration	3,832	3,832
	<u>\$ 2,879,192</u>	<u>\$ 2,342,397</u>

9. Deferred revenue:

	2021	2020
Government of Canada:		
Indigenous Services Canada	\$ 10,882,854	\$ 7,434,037
Service Canada	1,695,291	581,957
Other	281,339	417,567
Jordan's Principle	186,179	2,706,763
	<u>13,045,663</u>	<u>11,140,324</u>
Province of Alberta:		
First Nations Development Fund	1,120,364	795,204
Forestry Resource Improvement Association of Alberta	903,775	-
	<u>2,024,139</u>	<u>795,204</u>
Other transfers and unearned revenue	1,292,993	369,860
	<u>\$ 16,362,795</u>	<u>\$ 12,305,388</u>

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

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:

	2021	2020
<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	\$ 417,062	\$ 455,573
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	100,687	118,547
CMHC Section 95 mortgage on handicap units bearing interest at 0.70% (2020- 0.94%) per annum, repayable at \$632 (2020 - \$634) per month including interest, due May 2025	31,062	38,361
CMHC Section 95 mortgage on 43 unit project bearing interest at 1.73% (2020 - 2.11%) per annum, repayable at \$28,016 (2020 - \$28,498) per month including interest, due November 2028	2,412,675	2,704,626
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	206,025	221,189
CMHC Section 95 mortgage on 6 unit project bearing interest at 2.50% per annum, repayable at \$3,989 per month including interest, due April 2028	310,570	350,194
CMHC Section 95 mortgage on 11 unit project bearing interest at 0.46% (2020 - 2.01%) per annum, repayable at \$4,021 (2020 - \$4,059) per month including interest, due July 2024	156,539	202,005
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	183,658	216,173
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	229,550	262,243

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

10. Long-term debt (continued):

	2021	2020
<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	1,117,830	1,188,772
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	2,241,214	2,409,654
CMHC Section 95 mortgage on 25 unit project bearing interest at 0.70% (2020 - 0.94%) per annum, repayable at \$16,182 (2020 - \$16,277) per month including interest, due July 2030	1,743,771	1,922,849
<u>Education - Community School</u>		
CIBC Mortgage Inc. Teacherages Mortgage bearing interest at 7.25% (2020 – 3.60%) per annum, repayable at \$3,208 (2020 - \$3,157) per month plus accrued interest, due July 2030 (ii)	34,125	70,059
CIBC Education Trailers loan bearing interest at prime plus 0.75% per annum, repayable at \$2,167 plus accrued interest, due on demand (i, ii)	273,000	299,000
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	-	4,273
<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 (i, ii)	326,667	406,667
	\$ 9,784,435	\$ 10,870,185

- (i) BCN has on demand term loans with CIBC bearing interest at prime rate plus 0.75% (2020 - prime rate plus 0.75%) per annum, authorized to a maximum of \$1,221,168 (2020 - \$1,221,168). Any principal that is repaid is not available to be re-borrowed. At March 31, 2021, the term loan had \$599,667 (2020 - \$705,667) drawn upon it.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

10. Long-term debt (continued):

- (ii) The debt facilities with CIBC are 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 ISC, directing that ISC pay to CIBC all funds payable by ISC to BCN; a first charge over specific buildings, mobile homes and vehicles and adequate insurance with first loss payable to CIBC.

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:

2022	\$	1,095,463
2023		1,076,160
2024		1,091,239
2025		1,071,755
2026		994,886
Thereafter		4,454,932
	\$	9,784,435

In addition, BCN has an operating line of credit with CIBC bearing interest at prime rate plus 0.75% (2020 - prime plus 0.75%), authorized to a maximum of \$2,300,000 (2020 - \$2,300,000). At March 31, 2021, this line of credit had \$nil (2020 - \$nil) drawn upon it.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

11. Tangible capital assets:

2021	Cost	Accumulated amortization	Net book value
Buildings (i)	\$ 54,663,074	\$ 25,159,570	\$ 29,503,504
Land	2,839,238	-	2,839,238
Infrastructure	15,704,219	5,108,767	10,595,452
Mobile homes (ii)	24,816,781	14,429,677	10,387,104
Vehicles	5,879,598	3,910,004	1,969,594
Equipment	2,739,362	1,584,648	1,154,714
Modular offices under capital lease	236,559	224,731	11,828
Computer equipment	1,428,580	603,540	825,040
Fences and signs	164,876	123,026	41,850
Furniture and fixtures	581,002	165,110	415,892
	\$ 109,053,289	\$ 51,309,073	\$ 57,744,216

2020	Cost	Accumulated amortization	Net book value
Buildings (i)	\$ 54,193,644	\$ 24,218,318	\$ 29,975,326
Land	2,839,238	-	2,839,238
Infrastructure	14,043,744	4,665,336	9,378,408
Mobile homes (ii)	24,816,781	12,390,165	12,426,616
Vehicles	4,780,443	3,528,674	1,251,769
Equipment	2,439,845	1,333,417	1,106,428
Modular offices under capital lease	236,559	201,075	35,484
Computer equipment	845,566	374,883	470,683
Fences and signs	164,876	118,376	46,500
Furniture and fixtures	303,999	95,763	208,236
	\$ 104,664,695	\$ 46,926,007	\$ 57,738,688

The capital assets presented above include work-in-progress for which no amortization was taken during the year, as follows:

	2021	2020
Buildings	\$ 1,577,459	\$ 68,812
Infrastructure	2,163,571	599,803
Mobile homes	-	1,837,363
	\$ 3,741,030	\$ 2,505,978

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

11. Tangible capital assets (continued):

(i) Included in buildings are the following CMHC Section 95 units:

2021	Cost	Accumulated amortization	Net book value
5 Unit	\$ 495,757	\$ 327,389	\$ 168,368
Handicap	175,275	115,749	59,526
43 Unit	10,688,863	4,551,140	6,137,723
3 Unit	476,404	240,436	235,968
6 Unit	1,156,502	529,825	626,677
11 Unit	624,251	412,244	212,007
9 Unit	915,866	604,821	311,045
6 Unit Special	940,833	474,535	466,298
12 Unit	2,402,253	1,002,599	1,399,654
20 Unit	5,296,426	1,911,219	3,385,207
25 Unit	4,269,507	1,793,637	2,475,870
	\$ 27,441,937	\$ 11,963,594	\$ 15,478,343

2020	Cost	Accumulated amortization	Net book value
5 Unit	\$ 495,757	\$ 318,527	\$ 177,230
Handicap	175,275	112,616	62,659
43 Unit	10,688,863	4,228,102	6,460,761
3 Unit	476,404	228,016	248,388
6 Unit	1,156,502	496,842	659,660
11 Unit	802,608	515,681	286,927
9 Unit	1,030,350	662,007	368,343
6 Unit Special	940,833	449,993	490,840
12 Unit	2,882,704	1,114,720	1,767,984
20 Unit	5,296,426	1,733,050	3,563,376
25 Unit	4,657,644	1,814,540	2,843,104
	\$ 28,603,366	\$ 11,674,094	\$ 16,929,272

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

11. Tangible capital assets (continued):

(ii) Included in mobile homes are the following CMHC Section 95 units:

2021	Cost	Accumulated amortization	Net book value
10 Unit	\$ 1,913,421	\$ 1,799,544	\$ 113,877
5 Unit	153,225	22,984	130,241
11 Unit	369,623	123,693	245,930
25 Unit	22,500	16,526	5,974
	\$ 2,458,769	\$ 1,962,747	\$ 496,022

2020	Cost	Accumulated amortization	Net book value
10 Unit	\$ 1,913,421	\$ 1,753,993	\$ 159,428
5 Unit	153,225	7,661	145,564
11 Unit	369,623	86,731	282,892
25 Unit	22,500	14,276	8,224
	\$ 2,458,769	\$ 1,862,661	\$ 596,108

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

12. Accumulated operating surplus:

	2021	2020
Operating fund:		
Unrestricted	\$ 16,773,119	\$ 14,453,738
Trust funds held by federal government	886,235	1,368,933
Invested in tangible capital assets (see (i) below)	47,959,781	46,868,503
CMHC replacement reserve (see (ii) below)	1,751,421	1,499,569
	\$ 67,370,556	\$ 64,190,743

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

	2021	2020
Tangible capital assets	\$ 57,744,216	\$ 57,738,688
Long-term debt related to tangible capital assets	(9,784,435)	(10,870,185)
Balance, end of year	\$ 47,959,781	\$ 46,868,503

(ii) CMHC replacement reserve is comprised of the following:

	2021	2020
Balance, beginning of year	\$ 1,499,569	\$ 1,462,439
Transfers	300,000	165,786
Expenditures	(49,648)	(130,147)
Interest earned	1,500	1,491
Balance, end of year	\$ 1,751,421	\$ 1,499,569

The underfunded position of the CMHC replacement reserve is as follows:

	2021	2020
CMHC replacement reserve	\$ 1,751,421	\$ 1,499,569
Restricted cash (note 2)	(773,703)	(419,763)
Operating cash (included in cash and cash equivalents)	(235,106)	(7,140)
CMHC replacement reserve, underfunded position	\$ 742,612	\$ 1,072,666

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

13. Government transfers:

	2021	2020
Government of Canada, operating:		
Indigenous Services Canada	\$ 34,796,871	\$ 39,705,330
Service Canada	2,357,569	2,155,559
CMHC	1,227,300	890,474
Other	100,334	344,507
	34,482,074	43,095,870
Province of Alberta, operating:		
Forest Resource Improvement Association of Alberta	1,700,000	-
Province of Alberta and other agencies	464,252	1,041,903
	2,164,252	1,041,903
Province of Alberta, capital:		
First Nations Development Fund	1,473,501	1,400,000
	\$ 42,119,827	\$ 45,537,773

14. Commitments, contingencies and guarantees:

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

Entity	Maximum Guarantee
Bigstone Lot 25 Limited Partnership	\$ 11,851,710
Bigstone Power Corporation	7,400,000
Bigstone Health Commission	2,500,000
Bigstone Oilfield Services & Supplies Ltd.	2,055,000
	\$ 23,806,710

The nature of activities undertaken in the normal course of business for BCN is such that there may be litigation pending or in prospect at any time. These potential liabilities may become actual liabilities when one or more future events occur or fail to occur. With respect to claims at March 31, 2021, management believes that BCN has valid defences and adequate insurance coverage in place. In the event that any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the financial statements.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

15. 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, 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, 2021 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. At March 31, 2021, the total allowance for doubtful accounts was \$7,037,792 (2020 - \$5,982,276).

The maximum exposure to investment credit risk is outlined in note 3.

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.

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

(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.

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

(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 market risk exposure from the prior year.

(ii) Interest rate risk:

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

Financial assets and financial liabilities with variable interest rates expose BCN to cash flow interest rate risk. BCN is exposed to this risk through its variable interest-bearing operating lines of credit and long-term debt as disclosed in note 10.

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

BIGSTONE CREE NATION

Notes to Non-Consolidated Financial Statements (continued)

Year ended March 31, 2021

16. 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 financial statements as disclosed in note 1.

The segmented information is included in Schedule 1 of these financial statements.

17. Impact of the COVID-19 pandemic:

The COVID-19 pandemic and the measures taken to control the virus continue to impact the economy as a whole. BCN has experienced the following financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Closure of facilities to non-essential personnel based on public health recommendations;
- Mandatory working from home requirements for those able to do so;
- Receipt of additional grant funding to support expenditures incurred relating to the pandemic; and
- Cancellation and postponement of certain events.

The current challenging economic climate may lead to adverse changes in cash flows and working capital levels which may have a direct impact on future operations. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on BCN is not known at this time.

BIGSTONE CREE NATION

Schedule 1 - Segmented Disclosure

Year ended March 31, 2021, with comparative information for 2020

	Education and child development	Administration and governance	Housing	Public works and fire department	Economic development	Social	Human resource development	Lands	Other	2021 Total	2020 Total
Revenues:											
Government transfers (note 13)	\$ 19,823,918	\$ 6,231,062	\$ 2,019,483	\$ 5,071,034	\$ 2,375,577	\$ 3,139,203	\$ 1,515,509	\$ 44,041	\$ 1,900,000	\$ 42,119,827	\$ 45,537,773
Net amounts deferred (note 9)	(927,014)	(1,305,834)	(332,395)	607,959	(392,578)	87,949	(696,990)	5,272	(1,103,778)	(4,057,409)	(2,610,235)
Government transfers to be repaid (note 8)	1,297,171	(98,304)	-	-	-	(1,748,742)	-	-	-	(549,875)	(1,423,700)
	20,194,075	4,826,924	1,687,088	5,678,993	1,982,999	1,478,410	818,519	49,313	796,222	37,512,543	41,503,838
User fees, rent and sales of goods and services	5,541,613	156,330	471,578	483,484	334,892	-	-	500	-	6,988,397	9,243,444
Distributions from trusts	-	1,217,421	-	-	-	-	-	-	-	1,217,421	376,588
Local government fees	-	840,000	-	-	-	-	-	-	-	840,000	1,000,000
Property taxes	-	-	-	-	-	-	-	-	438,522	438,522	456,251
Amounts earned and held in trust by federal government (note 6)	-	-	-	-	-	-	-	-	404,625	404,625	1,035,963
Other income	-	167,270	26,000	-	-	49,412	-	-	27,848	270,530	1,218,020
Gain (loss) on disposition of tangible capital assets	-	-	165,971	-	-	-	-	-	-	165,971	(48,698)
	25,735,688	7,207,945	2,350,637	6,162,477	2,317,891	1,527,822	818,519	49,813	1,667,217	47,838,009	54,785,406
Expenses:											
Salaries, wages, benefits and honoraria	7,368,340	2,706,498	242,703	121,706	354,523	173,230	228,060	5,909	8,366	11,209,335	10,818,200
Tuition and training	8,504,792	15,547	185	1,022	-	-	425,031	4,751	-	8,951,328	12,769,346
Program delivery	1,203,573	1,412,070	128,832	2,787,229	908,896	853,712	127,167	-	722,520	8,143,999	8,327,595
Amortization of tangible capital assets	1,055,537	305,679	2,876,142	805,745	32,029	8,201	6,234	2,500	-	5,092,067	4,645,252
Administration and office	1,399,523	351,407	465,265	88,058	149,065	153,840	56,550	18,813	212	2,682,733	3,024,184
Pandemic expenses	258,080	1,216,525	-	-	179,678	-	-	-	-	1,654,283	-
Other	972,164	439,811	-	(1)	371	78,443	1,021	34,066	65,331	1,591,206	2,797,175
Repairs and maintenance	584,956	227,701	451,096	204,027	2,002	-	-	9,396	-	1,479,178	1,516,683
Utilities	242,010	780,213	39,984	54,938	22,406	-	40,680	-	-	1,180,231	633,636
Professional fees	443,361	96,430	29,111	20,385	392,316	5,618	27,235	-	22,500	1,036,956	1,268,903
Travel and meetings	182,402	127,890	1,400	4,286	13,711	685	33,935	10,608	-	374,917	1,053,864
Interest and bank charges	13,568	18,150	161,585	12,986	1	-	-	-	7	206,297	275,991
Bad debts	-	639,406	352,748	63,512	-	-	-	-	-	1,055,666	522,326
	22,228,306	8,337,327	4,749,051	4,163,893	2,054,998	1,273,729	945,913	86,043	818,936	44,658,196	47,653,155
Annual operating surplus (deficiency)	\$ 3,507,382	\$ (1,129,382)	\$ (2,398,414)	\$ 1,998,584	\$ 262,893	\$ 254,093	\$ (127,394)	\$ (36,230)	\$ 848,281	\$ 3,179,813	\$ 7,132,251