

Beaver Lake Cree Nation
Consolidated Financial Statements
March 31, 2023

Beaver Lake Cree Nation**Consolidated Financial Statements**

March 31, 2023

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Beaver Lake Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2023

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Beaver Lake Cree Nation and meet when required.

On behalf of Beaver Lake Cree Nation:

<u>Original signed by</u> Chief	<u>July 28, 2023</u> Date
<u>Original signed by</u> Administrator	<u>July 28, 2023</u> Date

Independent Auditors' Report

To the Members of Beaver Lake Cree Nation

Qualified Opinion

We have audited the consolidated financial statements of Beaver Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, its remeasurement gains and losses, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in Note 14 to the consolidated financial statements, asset retirement obligations have not been estimated and recorded on the consolidated statement of financial position both as at April 1, 2022, the transition date when these standards first applied and as at the year-end March 31, 2023. Management believes that the cost of any future material obligation will be offset by a funding agency. The Nation's tangible capital assets represent a significant amount of the assets of the consolidated financial statements as at March 31, 2023 and we were unable to obtain sufficient information regarding the effect of the asset retirement obligations on the consolidated financial statements. Therefore we were unable to determine whether any adjustments might be necessary to expenses, excess of revenue over expenses and cash flows from operating activities for the year ended March 31, 2023, and net financial assets, non-financial assets and accumulated surplus as at April 1, 2022 and March 31, 2023.

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 Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation'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 First Nation or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these 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 consolidated 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 First Nation'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 First Nation'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 consolidated 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 First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Edmonton, Canada
July 28, 2023

Crowe Mackay LLP
Chartered Professional Accountants

Beaver Lake Cree Nation

Consolidated Statement of Financial Position

March 31	2023	2022 Restated (Note 2)
Financial Assets		
Cash (Note 4)		
Cash (Note 4)	\$ 12,513,544	\$ 20,056,056
Accounts receivable (Note 5)	1,234,771	3,647,551
Long-term investments (Note 6)	5,792,047	5,454,776
Trust funds held by Ottawa (Note 7)	1,242,387	1,066,833
Other trust funds (Note 8)	5,102,392	4,112,349
	25,885,141	34,337,565
Liabilities		
Accounts payable and accrued liabilities	1,174,123	1,039,257
Deferred revenue (Note 9)	8,034,517	15,522,762
Long-term debt (Note 10)	867,131	979,409
	10,075,771	17,541,428
Net financial assets	15,809,370	16,796,137
Non-financial Assets		
Tangible capital assets (Note 11)	36,685,012	23,467,990
Prepaid expenses	576,775	60,012
Inventory	154,276	176,376
	37,416,063	23,704,378
Accumulated Surplus (Note 12)	\$ 53,225,433	\$ 40,500,515

Accumulated Surplus consists of

Accumulated operating surplus	52,927,278	40,500,515
Accumulated remeasurement gains	298,155	-
Accumulated Surplus	53,225,433	40,500,515

Contingent liabilities (Note 13)

Approved on behalf of the Chief and Council

Original signed by _____, Chief

Original signed by _____, Councillor

Beaver Lake Cree Nation**Consolidated Statement of Remeasurement Gains and Losses**

For the year ended March 31	2023	2022
Accumulated remeasurement gains, beginning of year	\$ -	\$ -
Unrealized gains (losses) attributable to:		
Remeasurement gain on other trust funds from change in accounting policy (note 3)	446,368	-
Designated fair value investments in other trust funds	(148,213)	-
Net remeasurement gains	298,155	-
Accumulated remeasurement gains, end of year	\$ 298,155	\$ -

Beaver Lake Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual Restated (Note 2)
Revenue			
Federal Government:			
Indigenous Services Canada	\$ 5,583,944	\$ 19,285,069	\$ 16,079,688
ISC - Health Canada	3,072,190	3,762,431	2,426,283
Canada Mortgage and Housing Corporation	106,200	124,184	140,079
Human Resource Development Canada	113,523	544,824	582,624
Interest	-	37,284	19,905
Resource revenue	-	138,270	19,637
First Nation Development Funds	-	248,906	441,135
Other revenue	1,864,502	9,783,828	6,754,141
	10,740,359	33,924,796	26,463,492
Expenses			
Education	3,463,637	3,665,736	3,094,548
Health	3,046,700	3,901,792	2,454,468
Economic Development	-	2,634,801	3,026,442
Housing	1,131,710	629,416	426,311
Social Services	798,533	1,045,755	942,406
Band Government	811,170	4,322,150	2,628,705
Employment Programs	-	315,513	309,411
Public Works	625,254	1,709,465	1,668,988
Amortization	2,480,472	2,480,472	1,541,907
Government and Industry Relations	-	792,933	808,677
	12,357,476	21,498,033	16,901,863
Excess of revenue over expenses	(1,617,117)	12,426,763	9,561,629
Accumulated surplus, beginning of year	40,500,515	40,500,515	30,938,886
Accumulated surplus, end of year	\$ 38,883,398	\$ 52,927,278	\$ 40,500,515

Beaver Lake Cree Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual Restated (Note 2)
<u>Excess of revenue over expenses</u>	\$ (1,617,117)	\$ 12,426,763	\$ 9,561,629
Acquisition of tangible capital assets	-	(15,725,594)	(9,358,122)
Amortization of tangible capital assets	2,480,472	2,480,472	1,541,907
Gain on disposition of tangible capital assets	-	(7,900)	-
Proceeds on disposition of tangible capital assets	-	36,000	-
	2,480,472	(13,217,022)	(7,816,215)
<u>Acquisition of prepaid asset</u>	<u>-</u>	<u>(516,764)</u>	<u>(30,733)</u>
<u>Use of inventory</u>	<u>-</u>	<u>22,100</u>	<u>-</u>
<u>Net remeasurement gains on other trust funds</u>	<u>-</u>	<u>298,155</u>	<u>-</u>
Increase in net financial assets	863,355	(986,768)	1,714,681
<u>Net financial assets, beginning of year</u>	<u>16,796,138</u>	<u>16,796,138</u>	<u>15,081,456</u>
<u>Net financial assets, end of year</u>	<u>\$ 17,659,493</u>	<u>\$ 15,809,370</u>	<u>\$ 16,796,137</u>

Beaver Lake Cree Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2023	2023	2022 Restated (Note 2)
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 12,426,763	\$ 9,561,629
Items not affecting cash		
Amortization	2,480,472	1,541,907
Gain on disposal of tangible capital assets	(7,900)	-
Equity pickup	(337,270)	(120,465)
	14,562,065	10,983,071
Change in non-cash operating working capital		
Accounts receivable	2,412,780	(2,744,542)
Inventory	22,100	-
Prepaid expenses	(516,763)	(30,733)
Accounts payable and accrued liabilities	134,867	466,500
Deferred revenue	(7,488,245)	6,133,713
	9,126,804	14,808,009
Capital activities		
Purchase of tangible capital assets	(15,725,594)	(9,358,122)
Proceeds on disposition of tangible capital assets	36,000	-
	(15,689,594)	(9,358,122)
Financing activities		
Repayment of long term debt	(112,280)	(128,968)
Investing activities		
Change in long-term investments	(175,554)	(39,542)
Contributions to other trust funds	(691,888)	(471,803)
	(867,442)	(511,345)
Increase (decrease) in cash and cash equivalents	(7,542,512)	4,809,574
Cash and cash equivalents, beginning of year	20,056,056	15,246,482
Cash and cash equivalents, end of year	\$ 12,513,544	\$ 20,056,056

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity principles of financial reporting

The Beaver Lake Cree Nation reporting entity includes the Beaver Lake Cree Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the Beaver Lake Cree Nation.

The consolidated financial statements include the following entities:

Beaver Lake Cree Nation
Beaver Lake Education Authority - Amisk Community School
Beaver Lake Wah - Pow Treatment Centre
Beaver Lake Health Centre
Beaver Lake Government and Industry Relations

All inter-entity balances have been eliminated on consolidation.

(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 when 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 that 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.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Income from investments is recorded on the accrual basis.

(c) Cash

Cash and cash equivalents include cash on hand and balances in bank accounts, net of bank overdrafts.

(d) Investments

Investments are recorded using the modified equity method where statements are provided and recorded at cost when no statements are available. Investments are written down where there has been a loss in value that is other than a temporary decline.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

1. Basis of Presentation and Significant Accounting Policies (continued)

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Beaver Lake Cree Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years Straight-line
Automotive equipment	4 years Straight-line
Computer equipment	4 years Straight-line
Equipment	10 years Straight-line
Leasehold improvements	5 years Straight line
Infrastructure	10 years Straight-line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Beaver Lake Cree Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(f) Inventory

Inventory consisting of fuel, tobacco and confectionaries for resale are recorded at the lower of cost and net realizable value, on a first-in first-out basis.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

1. Basis of Presentation and Significant Accounting Policies (continued)

(g) Financial instruments

Measurement

The Nation measures all its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, portfolio investments in equity instruments that are quoted in an active market and portfolio investments that the Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and trust funds held by Ottawa. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include equity instruments in other trust funds. The Nation has also elected to measure at fair value instruments for which it defines and implements a risk management or investment strategy to manage and evaluate the performance on a fair value basis alongside its equity instruments. Those instruments are: fixed income securities and mutual funds that are managed and evaluated alongside equity instruments under one portfolio included in other trust funds.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy used has the following levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1, that are observable for the asset or liability either directly, such as prices, or indirectly, such as those derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Consolidated Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

1. Basis of Presentation and Significant Accounting Policies (continued)

(g) Financial instruments - continued

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Consolidated Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Consolidated Statement of Operations when received, except for recoveries of impaired portfolio investments. Future recoveries of impaired portfolio investments are not recognized. In the case of an item in the fair value category, a reversal of any net remeasurement gains recognized in previous reporting periods up to the amount of the write-down is reported in the Consolidated Statement of Remeasurement Gains and Losses.

(h) Asset retirement obligation

A liability is recognized when, as at the financial reporting date:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related tangible capital asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion expense is included in the Consolidated Statement of Operations.

(i) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

2. Prior period restatement

The comparative figures have been restated to adjust tangible capital assets, accumulated surplus, other revenue and amortization expense for the recognition of tangible capital assets purchased using funding provided by a third party not previously recorded. As a result of this restatement, the opening April 1, 2021 tangible capital assets and accumulated surplus have increased by \$583,164. As at March 31, 2022, other revenue has increased by \$769,631, amortization expense has increased by \$69,174 and tangible capital assets and accumulated surplus have increased by \$700,457.

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Notes to Consolidated Financial Statements

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3. Change in Accounting Policy from Changes to Accounting Standards

The Nation adopted the following new accounting policies due to changes in the Public Sector Accounting Standards of the CPA Canada Handbook. The new standards are effective for years beginning on or after April 1, 2022 (the transition date):

Financial Statement Presentation

On April 1, 2022, the Nation adopted Section PS 1201 "Financial Statement Presentation", which replaced the existing PS 1200 standard. The new standard introduces a Consolidated Statement of Remeasurement Gains and Losses, which includes unrealized gains and losses on financial instruments that are measured at fair value and unrealized foreign exchange gains and losses on items in the amortized cost category. In addition, accumulated surplus on the Consolidated Statement of Financial Position is presented as the total of the accumulated operating surplus and the accumulated remeasurement gains and losses.

The Nation has applied the change prospectively on the transition date in accordance with the transition provisions.

The adoption of the new requirements resulted in an introduction of the Consolidated Statement of Remeasurement Gains and Losses and disclosure of the accumulated remeasurement gains and losses on the Consolidated Statement of Financial Position.

Financial Instruments

On April 1, 2022, the Nation adopted Section PS 3450 "Financial Instruments". The new standard provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are measured either (i) fair value or (ii) cost or amortized cost. For financial instruments measured at fair value, unrealized gains and losses are reported on the Consolidated Statement of Remeasurement Gains and Losses and realized gains and losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses to the Consolidated Statement of Operations.

The Nation must also disclose both qualitative and quantitative information on its exposure to financial instrument risk.

The Nation has applied the new standard prospectively on the transition date in accordance with the following transitional provisions:

- Recognition, derecognition and measurement policies followed in the financial statements for periods prior to the transition date are not reversed. Therefore, the financial statements of prior periods, including comparative information, have not been restated.
- At the transition date:
 - The Nation recognized all financial assets and financial liabilities on its Consolidated Statement of Financial Position and classified items at (i) fair value or (ii) cost or amortized cost.
 - The Nation elected to measure at fair value instruments for which it defines and implements a risk management or investment strategy to manage and evaluate the performance on a fair value basis. Those instruments are: fixed income securities and mutual funds that are managed and evaluated alongside equity instruments under one portfolio.
 - The Nation measured portfolio investments in equity instruments that are quoted in an active market at fair value. The difference between a financial instrument's fair value and its previous carrying amount was recognized as an adjustment to the accumulated remeasurement gains and losses at the transition date.
- No adjustment to an item's carrying value was made to retroactively expense transaction costs applicable to items in the fair value category.

The adoption of the new requirements required the Nation to record its other trust funds at fair value. As a

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

result, at April 1, 2022, other trust funds increased by \$446,368 and accumulated remeasurement gains increased by \$446,368.

The adoption also resulted in the additional disclosures described in note 19 of the consolidated financial statements.

Portfolio Investments

On April 1, 2022, the Nation adopted Section PS 3041 "Portfolio Investments", which replaced the existing PS 3040 standard. The new standard removes the distinction between temporary and portfolio investments and removes the exclusion of pooled investment funds from its scope. Under the new standard, portfolio investments are measured in accordance with PS 3450 Financial Instruments.

The Nation has applied the change prospectively on the transition date, in accordance with the applicable transitional provisions as described under PS 3450 Financial Instruments.

The adoption of the new requirements resulted in the changes as described in the change in accounting policy PS 3450 Financial Instruments.

Asset Retirement Obligations

On April 1, 2022, the Nation adopted Section PS 3280 "Asset Retirement Obligations", which replaced the existing PS 3270 "Solid Waste Landfill Closure and Post-Closure Liability" standard. The new standard applies to asset retirement obligations associated with tangible capital assets controlled by the entity that are in productive use or no longer in productive use. It establishes requirements for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets.

Asset retirement obligations have not been estimated and recorded in the consolidated financial statements. Therefore, the impact of the adoption of these new requirements to the Nation's consolidated financial statements is unknown.

4. Cash

	2023	2022
Externally restricted		
Province of Alberta	\$ 696,387	\$ 450,431
Canada Mortgage and Housing Corporation reserves	<u>377,098</u>	<u>369,014</u>
	<u>1,073,485</u>	<u>819,445</u>
Unrestricted		
General accounts	<u>11,440,059</u>	<u>19,236,611</u>
	<u>\$ 12,513,544</u>	<u>\$ 20,056,056</u>

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Notes to Consolidated Financial Statements

March 31, 2023

Cash (continued)

Under the terms of agreements with Canada Mortgage and Housing Corporation, the First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Fund. As at March 31, 2023 the amount in the Replacement Reserve account was underfunded by \$119,263 (2022 underfunded by \$95,414).

Funds received under the First Nation Development Fund program administered by the Province of Alberta are restricted to eligible uses outlined in the Host First Nation Charitable Casino Policies Handbook and administered by Alberta Gaming, Liquor and Cannabis. These funds are held in a separate bank account.

The Beaver Lake Cree Nation entities have overdraft facilities totaling \$275,000 bearing interest at prime rate + 3% (8.70%). The facilities are secured by a redirection of funds, as authorized by First Nation Council Resolutions acknowledged by the Department of Indigenous Services Canada. At March 31, 2023, the accounts were overdrawn by \$Nil (2022 - \$Nil).

5. Accounts receivable

	2023	2022
Federal government funding		
Indigenous Services Canada	\$ 165,796	\$ 3,014,986
Band members		
Loans and advances	168,841	168,841
Allowance for doubtful accounts	(166,841)	(166,841)
	<hr/> 2,000	<hr/> 2,000
Other		
Miscellaneous receivables	1,066,975	630,565
	<hr/> \$ 1,234,771	<hr/> \$ 3,647,551

Loans and advances receivable from band members are non-interest bearing and are unsecured.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

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6. Long-term investments

	2023	2022
Pimee Well Servicing Ltd. (17% ownership)		
10 Class A voting shares	\$ 10	\$ 10
309 Class B voting shares	13	13
Advances - bearing interest at 15% per annum	133,442	119,473
Equity - Pimee Well Servicing Ltd.	875,050	883,525
Pimee Limited Partnership Units (16.67% ownership)	110	110
Equity - Pimee Limited Partnership	2,025,372	1,978,472
Akuna Drilling Trust (1,000 units)	188	188
Seven Lakes Oilfield Services Limited Partnership (8.33%)	1	1
Equity - Seven Lakes Oilfield Services Limited Partnership	2,663,557	2,472,784
1678902 Alberta Ltd. (100%)	100	100
Beaver Lake Cree Nation Holdings GP Inc. (100%)	100	100
Athabasca Indigenous Investments GP Partnership Units (5.0%)	50	-
Athabasca Indigenous Investments LP Partnership Units (4.9995%)	500	-
Equity - Athabasca Indigenous Investments LP	23,137	-
SLS Metalworks & Fabricating LP Partnership Units (8.33%)	100	-
Black Diamond Nehiyawak Partnership Units (50.005%)	5,001	-
Equity - Black Diamond Nehiyawak	65,316	-
	\$ 5,792,047	\$ 5,454,776

7. Trust funds held by Ottawa

	2022		March 31,	
	Opening		2023	
	balance			
Capital	\$ 546,344	\$ 968	\$ 547,312	
Revenue	520,489	174,586	695,075	
	\$ 1,066,833	\$ 175,554	\$ 1,242,387	

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

8. Other trust funds

Funds held by the corporate trustee are invested in Canada bonds and equities. The allocation of investments at March 31 was as follows:

	2023 Level 1	2023 Level 2	2023 Total Fair Value	2022 Total Fair Value
Securities Held at Fair Value:				
Cash and cash equivalents	\$ 920,033	\$ -	\$ 920,033	\$ 608,957
Canadian equities	1,023,861	-	1,023,861	1,067,525
Securities Designated to Fair Value:				
Fixed income	-	1,314,810	1,314,810	1,075,447
Mutual funds	-	1,843,688	1,843,688	1,806,788
	\$ 1,943,894	\$ 3,158,498	\$ 5,102,392	\$ 4,558,717

As at March 31, 2023, the cost of the marketable securities was \$4,804,237. Marketable securities were measured at cost as at March 31, 2022 totaling \$4,112,349.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

9. Deferred revenue

	March 31, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
Federal Government				
ISC - Health Centre	\$ 789,071	\$ 2,203,582	\$ (2,489,734)	\$ 502,919
ISC - Health Centre FNIHB Covid Funding	594,168	-	(468,888)	125,280
ISC - Treatment Centre	656,484	350,854	(803,809)	203,529
ISC - Post Secondary	308,135	366,100	(461,046)	213,189
ISC - School Programs	1,183,398	2,156,798	(2,226,476)	1,113,720
ISC - Administration	6,189,393	3,972,936	(6,482,627)	3,679,702
ISC - Social Assistance	613,011	667,399	(860,637)	419,773
ISC - Adult in Home Care	71,941	32,878	(10,247)	94,572
ISC - Provincial School Tuition	170,965	527,278	(546,667)	151,576
ISC - Water Treatment Plant	3,803,552	375,046	(4,178,598)	-
ISC - Public Works	522,593	3,586,915	(3,455,271)	654,237
ISC - Housing	121,437	970,600	(992,037)	100,000
	15,024,148	15,210,386	(22,976,037)	7,258,497
Provincial Government				
First Nation Development Funds	14,375	610,893	(248,906)	376,362
Other				
Health Centre - Daycare	112,478	239,611	(229,311)	122,778
Health Centre - Anti-racial and Racism	-	24,573	-	24,573
Health Centre - Jordan's Principle	-	18,528	(4,340)	14,188
ASETS-CRF	90,963	185,983	(216,053)	60,893
ASETS-EI	48,253	90,234	(99,460)	39,027
Social Development	116,033	105,945	(179,366)	42,612
Government and Industry Relations	116,512	1,600,000	(1,620,925)	95,587
	484,239	2,264,874	(2,349,455)	399,658
	\$ 15,522,762	\$ 18,086,153	\$ (25,574,398)	\$ 8,034,517

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

10. Long-term debt

	2023	2022
Canada Mortgage and Housing Corporation mortgage with payments of \$809 per month including interest at 0.69% maturing April 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	\$ 20,086	\$ 29,625
Canada Mortgage and Housing Corporation mortgage with payments of \$1,170 per month including interest at 1.04% maturing September 2025, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	34,629	48,230
Canada Mortgage and Housing Corporation mortgage with payments of \$1,031 per month including interest at 2.50% maturing June 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	60,814	71,524
Canada Mortgage and Housing Corporation mortgage with payments of \$972 per month including interest at 1.86% maturing February 2029, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	65,316	75,666
Canada Mortgage and Housing Corporation mortgage with payments of \$1,123 per month including interest at 2.27% maturing March 2032, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	109,636	120,539
Canada Mortgage and Housing Corporation mortgage with payments of \$1,233 per month including interest at 2.52% maturing July 2028, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	73,788	86,561
Canada Mortgage and Housing Corporation mortgage with payments of \$2,847 per month including interest at 2.21% maturing February 2039, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	458,412	482,210
Canada Mortgage and Housing Corporation mortgage with payments of \$1,159 per month including interest at 1.01% maturing June 2026, secured by a ministerial guarantee from Indigenous Services Canada and a first mortgage on housing units.	44,450	57,836
<u>John Deere equipment loan repaid during the year.</u>	<u>-</u>	<u>7,218</u>
	\$ 867,131	\$ 979,409

Beaver Lake Cree Nation**Notes to Consolidated Financial Statements**

March 31, 2023

10. Long-term debt (continued)

Principal portion of long-term debt due within the next five years:

2024	\$ 105,971
2025	107,888
2026	94,169
2027	77,747
2028 and thereafter	481,356
	<hr/>
	\$ 867,131

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

11. Tangible Capital Assets

	Cost				Accumulated amortization				2023 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Buildings	15,250,454	3,708,705	-	18,959,159	7,565,243	672,390	-	8,237,633	10,721,526
Automotive equipment	2,783,286	561,652	(156,960)	3,187,978	1,960,166	481,412	(128,860)	2,312,718	875,260
Computer equipment	187,948	103,812	-	291,760	149,977	45,035	-	195,012	96,748
Equipment	4,355,677	254,795	-	4,610,472	3,719,694	207,012	-	3,926,706	683,766
Leasehold improvements	31,013	-	-	31,013	18,608	6,202	-	24,810	6,203
Infrastructure	18,896,538	11,096,630	-	29,993,168	4,648,238	1,068,421	-	5,716,659	24,276,509
	\$ 41,529,916	\$ 15,725,594	\$ (156,960)	\$ 57,098,550	\$ 18,061,926	\$ 2,480,472	\$ (128,860)	\$ 20,413,538	\$ 36,685,012

	Cost				Accumulated amortization				2022 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Buildings	14,438,419	812,035	-	15,250,454	7,065,821	499,422	-	7,565,243	7,685,211
Automotive equipment	2,111,725	671,561	-	2,783,286	1,554,248	405,918	-	1,960,166	823,120
Computer equipment	184,546	3,402	-	187,948	124,182	25,795	-	149,977	37,971
Equipment	4,186,136	169,541	-	4,355,677	3,543,815	175,879	-	3,719,694	635,983
Leasehold improvements	31,013	-	-	31,013	12,405	6,203	-	18,608	12,405
Infrastructure	11,194,955	7,701,583	-	18,896,538	4,219,548	428,690	-	4,648,238	14,248,300
	\$ 32,171,794	\$ 9,358,122	\$ -	\$ 41,529,916	\$ 16,520,019	\$ 1,541,907	\$ -	\$ 18,061,926	\$ 23,467,990

\$7,890,002 (2022 - \$10,638,730) of infrastructure and housing is under construction and has not been amortized as at March 31, 2023.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

12. Accumulated surplus

	2023	2022	
			Restated (Note 2)
Operating fund	\$ 4,774,365	\$ 6,914,448	
Capital fund	35,817,881	22,488,581	
Replacement reserve fund	496,361	463,528	
Investment fund	5,792,047	5,454,776	
Trust funds	6,046,624	5,179,182	
Remeasurement gain	298,155	-	
	<hr/>	<hr/>	
	\$ 53,225,433	\$ 40,500,515	

13. Contingent Liabilities

a) Government contributions

Government contributions related to programs of the First Nation are subject to conditions regarding the expenditure of funds. The First Nation's accounting records are subject to audit by the funding agencies. Should any instances be identified in which the amounts charged to the projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these ministerial audits will be recorded in the period in which they become known.

b) Legal proceedings

The First Nation is currently involved in certain legal proceedings. The First Nation is actively defending all lawsuits. The First Nation only records a provision if it can be reasonably estimated. Should a loss be incurred, it will be expensed in the year the liability is determined.

14. Asset Retirement Obligations

Asset retirement obligations have not been estimated and recorded in the consolidated financial statements due to the difficulty in determining the amount of the obligation. In addition, management believes that the Nation will receive sufficient government funding to cover any asset retirement obligations as they arise, resulting in the net effect to the consolidated statement of financial position to be nil.

15. Employment Retirement Plan

The First Nation has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 3.5% and 7.5% of their gross pay with the First Nation making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2023 were \$96,290 (2022 - \$77,373).

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

16. Economic Dependence

Beaver Lake Cree Nation receives a significant portion of its revenue pursuant to funding agreements with Indigenous Services Canada.

17. Budget Information

The unaudited budget data presented in these consolidated financial statements is based upon information provided by management.

Amortization was not contemplated on development of the budget and has been recognized at the amount expensed in the current year.

18. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

19. Risk management

(a) Liquidity Risk

Liquidity risk is the risk that the Nation will encounter difficulty in meeting its obligations associated with financial liabilities. The Nation's exposure to liquidity risk relates to accounts payable and accrued liabilities and long-term debt and arises from the possibility that the timing and amount of its cash inflows will not be sufficient to enable it to meet its financial obligations as they become due. Management believes this risk is minimized through active working capital management including monitoring current and future cash flow requirements in consideration of current credit facilities and management of expenses. Accounts payable and accrued liabilities are due within 30 days of receipt of an invoice. The contractual maturities of long-term debt are disclosed in Note 10.

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

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Nation is exposed to market risk as follows:

(i) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk, whether those changes are caused by factors specific to the individual financial instrument or issuer, or factors affecting all similar financial instruments or issuers. The Nation's investments in other trust funds expose the Nation to price risks as these instruments are subject to price changes in an open market for a variety of reasons including, investor sentiment and expectations, changes in market rates of interest, general economic indicators and restrictions of credit markets. The Nation does not employ derivative financial instruments to hedge its exposure to other price risk. Management mitigates this risk by performing investment activities through a reputable Canadian brokerage.

The sensitivity of the Nation's fair market value of other trust funds due to changes in the market is summarized in the table below.

	2023	2023
	7% increase in market value of other trust funds	7% decrease in market value of other trust funds
Increase (decrease) to remeasurement gains for the year	\$ 200,728	\$ (200,728)

There have been no significant changes to other price risk from the previous year and no significant changes to the methods and assumptions used in the sensitivity analysis.

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

20. Expenses

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Administration fees	\$ 92,800	\$ 389,748	\$ 103,258
Amortization	2,480,472	2,480,472	1,541,907
Cultural events	211,950	309,158	214,578
Donations and advertising	10,000	25,830	14,102
Education and tuition fees	692,000	953,415	843,697
Food and kitchen supplies	115,555	19,327	-
Insurance	46,000	211,101	274,974
Interest and bank charges	15,200	17,005	20,398
Loan payments	116,000	19,027	20,214
Materials and supplies	518,379	3,737,865	3,380,727
Office expenses	117,490	369,770	326,842
Professional fees	164,199	628,234	691,823
Program costs	184,151	575,812	1,109,794
Renovation	938,500	106,018	92,568
Rent	9,120	9,018	14,286
Repairs and maintenance	453,726	398,226	275,856
Social assistance	544,686	1,517,234	690,917
Subcontracts	134,408	38,894	80,589
Travel	316,385	826,032	461,867
Utilities and telephone	362,545	579,464	496,142
Vehicle	105,892	251,663	170,121
Wages and benefits	4,579,318	7,686,842	5,785,416
Workshops and training	148,700	347,878	291,787
	\$ 12,357,476	\$ 21,498,033	\$ 16,901,863

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

21. Segmented information

The First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. The segment revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounts Policies as described in Note 1. The segment results for the period are as follows:

	Education	Economic Health Development	Social Services	Band Programs	Housing and Public works	Ottawa Trust Funds	GIR	2023 Total
Revenue								
ISC	\$ 3,305,652	\$ -	\$ 55,513	\$ 870,884	\$ 4,836,004	\$ 10,217,016	\$ -	\$ 19,285,069
ISC - Health Canada	-	3,762,431	-	-	-	-	-	3,762,431
HRD Canada	-	229,311	-	-	315,513	-	-	544,824
CMHC	-	-	-	-	-	124,184	-	124,184
Resource revenue	-	-	-	-	-	138,270	-	138,270
Interest	-	-	-	-	-	37,284	-	37,284
Other Revenue	455,405	324,310	2,476,701	179,366	3,165,462	2,249,621	-	1,181,869
	3,761,057	4,316,052	2,532,214	1,050,250	8,316,979	12,590,821	175,554	1,181,869
								33,924,796
Expenses								
Wages and benefits	1,922,891	2,162,819	243,242	265,037	1,551,942	1,027,825	-	513,086
Amortization	-	-	-	-	2,480,472	-	-	2,480,472
Materials and supplies	300,786	502,251	2,350,743	15,281	442,807	125,995	-	3,737,863
Utilities and telephone	59,292	49,777	5,484	381	110,407	354,073	-	50
Program costs	32,343	172,512	-	9,132	279,572	13,628	-	68,625
Other expenses	1,350,424	1,014,433	35,332	755,924	2,252,935	817,360	-	211,172
	3,665,736	3,901,792	2,634,801	1,045,755	7,118,135	2,338,881	-	792,933
	\$ 95,321	\$ 414,260	\$ (102,587)	\$ 4,495	\$ 1,198,844	\$ 10,251,940	\$ 175,554	\$ 388,936
								\$ 12,426,763

Beaver Lake Cree Nation

Notes to Consolidated Financial Statements

March 31, 2023

21. Segmented information (continued)

	Education	Economic Health Development	Social Services	Band Programs	Housing and Public works	Ottawa Trust Funds	GIR	2022 Total
Revenue								
ISC	\$ 2,561,056	\$ -	\$ 55,513	\$ 937,671	\$ 3,796,296	\$ 8,729,152	\$ -	\$ 16,079,688
ISC - Health								
Canada	-	2,426,283	-	-	-	-	-	2,426,283
HRD Canada	-	273,213	-	-	309,411	-	-	582,624
CMHC	-	-	-	-	-	140,079	-	140,079
Resource revenue	-	-	-	-	-	-	19,637	-
Interest	-	-	-	-	-	-	19,905	-
Other Revenue	659,429	73,551	2,869,477	4,735	1,240,719	685,472	-	1,661,893
	3,220,485	2,773,047	2,924,990	942,406	5,346,426	9,554,703	39,542	1,661,893
								26,463,492
Expenses								
Wages and benefits	1,621,898	1,494,471	270,267	222,931	966,903	707,812	-	501,134
Amortization	-	-	-	-	1,541,907	-	-	1,541,907
Materials and supplies	166,078	282,209	2,708,421	4,562	111,899	107,558	-	3,380,727
Utilities and telephone	43,983	39,727	5,381	102	229,482	174,559	-	2,908
Program costs	35,651	119,989	-	132	679,296	168,681	-	106,045
Other expenses	1,226,938	518,072	42,373	714,679	950,536	936,689	-	4,587,877
	3,094,548	2,454,468	3,026,442	942,406	4,480,023	2,095,299	-	808,677
								16,901,863
	\$ 125,937	\$ 318,579	\$ (101,452)	-	\$ 866,403	\$ 7,459,404	\$ 39,542	\$ 853,216
								\$ 9,561,629