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Consolidated Financial Statements of

BIGSTONE CREE NATION

Year ended March 31, 2019

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Indigenous Services
Canada
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BIGSTONE CREE NATION

Consolidated Financial Statements

Year ended March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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 consolidated financial statements. This responsibility is carried out principally through the Chief and Council.

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

The financial statements have been audited by the independent firm KPMG LLP in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to management of Bigstone Cree Nation and meet when required. Their report to the Chief and Council of the Nation, stating the scope of their examination and opinion on the consolidated financial statements, follows.

On behalf of Bigstone Cree Nation:

Executive Director

Wabasca, Canada
September 18, 2019



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INDEPENDENT AUDITORS' REPORT

To the Chief and Council of Bigstone Cree Nation

Opinion

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

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2019, and its consolidated results of operations, its consolidated remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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.



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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

September 18, 2019

BIGSTONE CREE NATION

Consolidated Statement of Financial Position

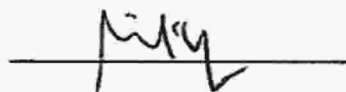
March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 8,825,339	\$ 6,537,596
Restricted cash and temporary investments (note 2)	653,150	302,560
Accounts receivable (note 3)	24,898,185	12,429,512
Portfolio investments - settlement trust funds (note 4)	99,068,397	103,601,596
Trust funds held by federal government (note 5)	1,482,970	1,097,486
Investments in government business enterprises (note 6)	4,477,899	11,752,856
	139,405,940	135,721,606
Liabilities:		
Operating lines of credit (note 7)	2,643,289	2,718,207
Accounts payable and accrued liabilities	7,718,397	7,121,073
Government transfers repayable (note 8)	2,834,822	1,489,876
Deferred revenue (note 9)	14,522,750	6,269,586
Long-term debt (note 10)	11,960,900	13,998,225
	39,680,158	31,596,967
Net financial assets	99,725,782	104,124,639
Non-financial assets:		
Prepaid expenses and deposits	286,552	275,185
Tangible capital assets (note 11)	61,651,206	62,426,034
	61,937,758	62,701,219
Accumulated surplus (note 12)	\$ 161,663,540	\$ 166,825,858
Accumulated surplus is comprised of the following:		
Accumulated operating surplus	\$ 158,365,031	\$ 156,650,181
Accumulated remeasurement gains	3,298,509	10,175,677
Accumulated surplus	\$ 161,663,540	\$ 166,825,858

Commitments, contingencies and guarantees (note 16)

See accompanying notes to consolidated financial statements.

Approved by Bigstone Cree Nation:



BIGSTONE CREE NATION

Consolidated Statement of Operations and Accumulated Operating Surplus

March 31, 2019, with comparative information for 2018

	2019	2018
Revenues:		
Government transfers (note 13)	\$ 71,087,105	\$ 56,105,894
Net amounts deferred (note 9)	(7,979,652)	(974,481)
Government transfers to be repaid (note 8)	(1,924,288)	(397,952)
	61,183,165	54,733,461
User fees, rent and sales of goods and services	6,927,818	6,869,591
Property taxes	475,478	516,805
Investment income (note 14)	4,834,968	4,201,516
Amounts earned and held in trust by federal government (note 5)	727,484	509,017
Gain on disposition of tangible capital assets	360,244	-
Management fees	6,540,000	-
Other income	1,117,746	661,400
	82,166,903	67,491,790
Expenses (note 15):		
Administration and governance	5,009,568	5,708,282
Lands	297,431	167,772
Social	11,002,270	9,673,175
Housing	4,927,502	5,104,694
Public works	4,249,438	4,156,736
Human resource development	1,192,339	1,329,759
Education and child development	20,419,060	18,234,867
Other	653,977	138,604
Economic development	2,213,135	1,426,211
Community and per capita distributions	1,621,229	1,482,392
Health	23,474,008	23,130,963
	75,059,957	70,553,455
Annual operating surplus (deficit) before the undernoted	7,106,946	(3,061,665)
Income (loss) from investments in government business enterprises (note 6)	(5,392,096)	6,816,658
Annual operating surplus	1,714,850	3,754,993
Accumulated operating surplus, beginning of year	156,650,181	152,895,188
Accumulated operating surplus, end of year	\$ 158,365,031	\$ 156,650,181

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Accumulated remeasurement gains, beginning of year	\$ 10,175,677	\$ 8,658,318
Unrealized gains (losses) attributable to fair value changes in portfolio investments - settlement trust funds	(6,877,168)	1,517,359
Accumulated remeasurement gains, end of year	\$ 3,298,509	\$ 10,175,677

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Annual operating surplus	\$ 1,714,850	\$ 3,754,993
Acquisition of tangible capital assets	(4,946,065)	(3,873,308)
Disposition of tangible capital assets, net of proceeds	980,314	476,066
Gain on disposal of tangible capital assets	(360,244)	-
Amortization of tangible capital assets	5,100,823	4,718,197
	2,489,678	5,075,948
Increase in prepaid expenses and deposits	(11,367)	(73,922)
Unrealized gains (losses) attributable to fair value changes in portfolio investments - settlement trust funds	(6,877,168)	1,517,359
Increase (decrease) in net financial assets	(4,398,857)	6,519,385
Net financial assets, beginning of year	104,124,639	97,605,254
Net financial assets, end of year	\$ 99,725,782	\$ 104,124,639

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating transactions:		
Annual operating surplus	\$ 1,714,850	\$ 3,754,993
Items which do not involve cash:		
Amortization of tangible capital assets	5,100,823	4,718,197
Gain on disposal of tangible capital assets	(360,244)	-
Loss (income) from investments in government business enterprises	5,392,096	(6,816,658)
Change in non-cash operating working capital:		
Accounts receivable	(12,468,673)	61,837
Accounts payable and accrued liabilities	597,324	1,105,987
Government transfers repayable	1,344,946	397,952
Deferred revenue	8,253,164	694,792
Prepaid expenses and deposits	(11,367)	(73,922)
	9,562,919	3,843,178
Capital transactions:		
Acquisition of tangible capital assets	(4,946,065)	(3,873,308)
Disposition of tangible capital assets, net of proceeds	980,314	476,066
	(3,965,751)	(3,397,242)
Investing transactions:		
Increase in restricted cash and temporary investments	(350,590)	(419)
Proceeds from (dispositions of) portfolio investments - settlement trust funds, net	(2,343,969)	307,126
Increase in trust funds held by federal government	(385,484)	(269,017)
Decrease in investments in government business enterprises	1,882,861	9,922
	(1,197,182)	47,612
Financing transactions:		
Proceeds from (repayments of) operating line of credit	(74,918)	232,043
Repayments of long-term debt, net of proceeds	(2,037,325)	(1,105,067)
	(2,112,243)	(873,024)
Increase in cash and cash equivalents	2,278,743	(379,476)
Cash and cash equivalents, beginning of year	6,537,596	6,917,072
Cash and cash equivalents, end of year	\$ 8,825,339	\$ 6,537,596

See accompanying notes to consolidated financial statements.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

Bigstone Cree Nation ("BCN") is a First Nation established under the First Nations Act of Canada and represents the Bigstone Cree in Wabasca-Desmarais and the communities of Calling Lake and Chipewyan Lake.

1. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by BCN are as follows:

(a) Reporting entity:

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

Entity	Year end
Bigstone Cree Nation:	
Bigstone Cree Nation Operations	March 31
Neepinise Family Healing Centre Society	March 31
Bigstone Cree Nation Child and Family Services Society	March 31
Bigstone Health Commission	March 31
Bigstone Education Authority Society	March 31
Bigstone Advisory Elders Society	March 31
Bigstone Evergreen Foundation	March 31
Bigstone Opasikoniwew Housing Authority	March 31
Mistasini Housing Corporation	March 31
Pekewe Service Society	March 31
Kee Wee Tin Nok Transport Ltd.	March 31
Bigstone Capital and Community Trusts:	
Bigstone Cree Nation Trust	December 31
Calling Lake Capital Trust	December 31
Calling Lake Community Trust	December 31
Chipewyan Lake Capital Trust	December 31
Chipewyan Lake Community Trust	December 31
Off Reserve Members' and Affiliates' Trust	December 31
Wabasca/Desmarais Community Trust	December 31

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(a) Reporting entity (continued):

Investments in government business enterprises and government business partnerships are accounted for on a modified equity basis. Under the modified equity basis, the business enterprises' accounting principles are not adjusted to conform to those of BCN, and inter-organizational transactions and balances are not eliminated. Government business enterprises and government business partnerships accounted for in this manner are:

Entity	Year end
Bigstone 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 Ltd., 100% beneficial interest held in trust by the Chief and Council of BCN (11 shares)	March 31
Bigstone Health Holdings Ltd., 100% beneficial interest held in trust by the Chief and Council of BCN (11 shares)	March 31
Kituskeenow Holdings Corp., 100% beneficial interest held in trust by the Chief and Council of BCN	March 31
Bigstone Forestry Inc., 100% beneficial interest held in trust by the Chief and Council of BCN	April 30

Interdepartmental and organizational transactions and balances are eliminated on consolidation.

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

(b) Revenue recognition:

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

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

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

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

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

Royalties, property taxes, rent, and other fees and charges are accounted for in the year in which the transactions or events occurred that gave rise to the revenue if the collection of the amount to be received is reasonably assured.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for purpose of meeting short-term cash commitments.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all temporary investments and portfolio investments - settlement trust funds at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized and they are transferred to the consolidated statement of operations.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the consolidated statement of remeasurement gains and losses are reversed and recognized in the consolidated statement of operations.

Fair value measurements are classified using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(e) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the consolidated statement of operations and the unrealized balances are reversed from the consolidated statement of remeasurement gains and losses.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets is amortized over their expected useful lives using the following methods and annual rates.

Asset	Basis	Rate
Buildings	Declining balance	5%
Land improvements	Straight-line	10 years
Infrastructure	Declining balance	5%
Mobile homes	Straight-line	10 years
Vehicles	Declining balance	30%
Equipment	Declining balance	20%
Computer equipment	Declining balance	20% and 30%
Fences and signs	Declining balance	10%
Furniture and fixtures	Declining balance	20%

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt and also are recorded as revenue.

(iii) Lands and natural resources:

Lands received as part of the Settlement Agreement and natural resources that have not been purchased are not recognized as assets in these consolidated financial statements.

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

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

(v) Interest capitalization:

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

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(f) Non-financial assets (continued):

(vi) Leased tangible capital assets:

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(g) Contaminated sites:

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

(h) Allocation of expenses:

BCN records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

BCN allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense.

(i) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(j) Change in accounting policies:

Effective April 1, 2018, BCN has adopted PS3430 Restructuring Transactions. The adoption of this standard did not result in an accounting policy change for BCN and did not result in any changes to the consolidated financial statements.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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, 2021
PS3450 – Financial Instruments	April 1, 2021
PS2601 – Foreign Currency Translation	April 1, 2021
PS3041 – Portfolio Investments	April 1, 2021
PS3280 – Asset Retirement Obligations	April 1, 2021
PS3400 – Revenue	April 1, 2022

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

2. Restricted cash and temporary investments:

	2019	2018
Non-Insured Health Benefits (NIHB) contingency reserve account (see (a) below)	\$ 7,073	\$ 157,212
Other temporary investments (see (b) below)	646,077	145,348
	<u>\$ 653,150</u>	<u>\$ 302,560</u>

(a) Under the terms of the agreement with Health Canada, the Non-Insured Health Benefits (NIHB) contingency is a reserve that BCN can draw upon in years where NIHB may incur an operating deficit but must be replenished in subsequent years.

(b) Other temporary investments are comprised of guaranteed investment certificates bearing interest at rates ranging from 0.6% to 1.85% (2018 - 0.5%) per annum with maturity dates in November 2019.

3. Accounts receivable:

	2019	2018
Trade and other amounts receivable	\$ 11,720,102	\$ 6,851,766
Indigenous and Northern Affairs Canada (INAC)	2,712,283	441,175
Canada Mortgage and Housing Corporation (CMHC)	-	115,445
First Nations Development Fund (FNDF)	440,689	511,532
Other contributions receivable	206,080	48,241
Goods and services tax receivable	773,808	637,259
Bigstone Economic Holdings Ltd.	12,104,607	3,063,342
Bigstone Health Holdings Ltd.	1,714,378	5,891,276
Other	686,437	116,973
	<u>30,358,384</u>	<u>17,677,009</u>
Less: allowance for doubtful accounts	(5,460,199)	(5,247,497)
	<u>\$ 24,898,185</u>	<u>\$ 12,429,512</u>

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

4. Portfolio investments - settlement trust funds:

BCN and the Governments of Canada and Alberta signed a Settlement Agreement ('the Agreement') in December 2009 in order to achieve a final settlement of the claims of BCN as it related to treaty land entitlement and ancillary treaty benefits. In accordance with the terms of the Agreement, BCN received a total of \$161,400,000 as compensation for its claims. The remaining undistributed amounts received are being held in trust for the benefit of the members of BCN. BCN has included the activities of the settlement trust funds in its consolidated financial statements.

The settlement trust funds are held in the following trusts:

	2019	2018
Bigstone Cree Nation Trust	\$ 61,995,476	\$ 64,760,971
Calling Lake Capital Trust	-	(17,727)
Calling Lake Community Trust	9,022,326	9,440,516
Chipewyan Lake Capital Trust	-	22,021
Chipewyan Lake Community Trust	8,736,955	9,139,991
Off Reserve Members' and Affiliates' Trust	10,082,069	10,599,504
Wabasca/Desmarais Community Trust	9,231,571	9,656,320
	\$ 99,068,397	\$ 103,601,596

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

	2019	2018
Cash	\$ 1,405,454	\$ 1,251,705
Canadian diversified income pool	32,497,998	35,528,528
Canadian bond pool	17,052,906	16,696,630
Global equity income pool	9,247,464	10,421,183
Short-term bond pool	11,509,817	11,208,114
Corporate bond pool	9,833,598	9,262,044
Money market pool	4,787,988	3,210,334
Canadian dividend income pool	4,649,764	5,255,184
U.S. equity pool	2,878,205	4,672,245
High yield bond fund	4,801,703	5,203,138
Equity high income pool	1,048,831	1,134,175
Liabilities, net	(645,331)	(241,684)
	\$ 99,068,397	\$ 103,601,596

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

5. Trust funds held by federal government:

	2019	2018
Capital fund:		
Balance, beginning of year	\$ 286,749	\$ 171,347
Earnings for the year	174,058	115,402
Balance, end of year	460,807	286,749
Revenue fund:		
Balance, beginning of year	810,737	657,121
Earnings for the year	553,426	393,616
Withdrawals	(342,000)	(240,000)
Balance, end of year	1,022,163	810,737
	\$ 1,482,970	\$ 1,097,486

Trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Section 63 to 69 of the *Indian Act*.

6. Investments in government business enterprises:

Investments in government business enterprises are comprised of the following:

	2019	2018
Bigstone Economic Holdings Ltd. (see 6 (a))	\$ 6,519,365	\$ 12,798,881
Bigstone Health Holdings Ltd. (see 6 (b))	(2,829,908)	(1,422,854)
Bigstone Business Trust (see 6 (c))	65,085	40,490
Bigstone Health Commission Business Trust (see 6 (d))	(12,529)	(12,529)
Kituskeenow Holdings Corp. (see 6 (e))	-	-
Bigstone Forestry Inc. (see 6 (f))	(511,844)	(514,710)
North Central Aboriginal Economic Development Association (see 6 (g))	-	-
Bigstone Cree Nation Business Trust (see 6(h))	-	-
Other (see 6(i))	1,247,730	863,578
	\$ 4,477,899	\$ 11,752,856

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Investments in government business enterprises (continued):

(a) Bigstone Economic Holdings Ltd.:

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

	2019	2018
Financial position:		
Current assets	\$ 13,670,621	\$ 17,479,566
Equity-accounted investees	100	100
Due from related entities	-	128,649
Property, plant and equipment	8,670,028	8,438,046
Rent receivable	15,333	26,833
Investment properties	506,722	527,836
Total assets	22,862,804	26,601,030
Current liabilities	4,736,507	8,635,218
Due to Bigstone Cree Nation	10,676,746	3,063,342
Due to related entities	290,120	-
Non-current liabilities	640,066	2,103,589
Total liabilities	16,343,439	13,802,149
Total equity	\$ 6,519,365	\$ 12,798,881
- attributable to Bigstone Cree Nation	6,519,365	12,798,881
- attributable to Bigstone Business Trust	-	-
Results of operations:		
Revenues	\$ 36,325,437	\$ 52,381,907
Operating and administrative expenses	40,503,222	45,020,390
Profit before the undernoted	(4,177,785)	7,361,517
Share of profit (loss) of equity-accounted investees	(218,881)	(15,950)
Recoveries on dispositions of equity accounted investees	-	584,523
Finance costs, net	-	(150,486)
Profit and comprehensive income	\$ (4,396,666)	\$ 7,779,604
- attributable to Bigstone Cree Nation	(4,396,666)	7,779,604
- attributable to Bigstone Business Trust	-	-

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Investments in government business enterprises (continued):

(b) Bigstone Health Holdings Ltd.:

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

	2019	2018
Financial position:		
Current assets	\$ 3,210,324	\$ 2,065,356
Equity-accounted investees	(198,664)	(171,405)
Property, plant and equipment	1,395,085	1,822,190
Investment properties	11,428,208	11,069,514
Total assets	15,834,953	14,785,655
Current liabilities	5,579,371	10,377,490
Due to related entities	335,773	3,955,131
Due to Bigstone Cree Nation	1,759,918	1,835,406
Non-current liabilities	10,989,799	40,482
Total liabilities	18,664,861	16,208,509
Total equity	\$ (2,829,908)	\$ (1,422,854)
- attributable to Bigstone Cree Nation	(2,829,908)	(1,422,854)
- attributable to Bigstone Health Commission Business Trust	-	-
Results of operations:		
Revenues	\$ 7,344,824	\$ 8,332,495
Operating and administrative expenses	(8,162,567)	(9,139,214)
Profit before the undernoted	(817,743)	(806,719)
Share of income (loss) of equity-accounted investees	(27,259)	14,612
Finance costs, net	(562,041)	(466,495)
Profit (loss) and comprehensive income (loss)	\$ (1,407,043)	\$ (1,258,602)
- attributable to Bigstone Cree Nation	(1,407,043)	(1,258,608)
- attributable to Bigstone Health Commission Business Trust	-	-

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Investments in government business enterprises (continued):

(c) Bigstone Business Trust:

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

	2018	2017
Financial position:		
Due from Bigstone Cree Nation	\$ -	\$ 23,000
Due from related entities	169,385	-
Equity-accounted investees	29,100	18,105
Total assets	198,485	41,105
Due to Bigstone Cree Nation	133,400	-
Due to related entities	-	615
Total liabilities	133,400	615
Beneficiary current accounts	\$ 65,085	\$ 40,490
Results of operations:		
Share of income of equity-accounted investees	\$ 24,595	\$ 19,179
Income and comprehensive income	\$ 24,595	\$ 19,179

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Investments in government business enterprises (continued):

(d) Bigstone Health Commission Business Trust:

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

	2018	2017
Financial position:		
Due from Bigstone Cree Nation	\$ 10	\$ 10
Equity-accounted investees	50	50
Total assets	60	60
Current liabilities	3,250	2,500
Due to Bigstone Cree Nation	9,339	10,089
Total liabilities	12,589	12,589
Total equity	\$ (12,529)	\$ (12,529)
Results of operations:		
Share of loss of equity-accounted investees	\$ -	\$ (85,845)
Professional fees	-	(1,070)
Loss and comprehensive loss	\$ -	\$ (86,915)

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Investments in government business enterprises (continued):

(e) Kituskeenow Holdings Corp.:

Kituskeenow Holdings Corp. is currently inactive.

(f) Bigstone Forestry Inc.:

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

	2019	2018
Financial position:		
Current assets	\$ 100	\$ 100
Equity-accounted investees – capital account	6,000	6,000
Total assets	6,100	6,100
Due to Bigstone Cree Nation	6,000	6,000
Equity-accounted investees – current account	511,944	514,810
Total liabilities	517,944	520,810
Total equity (deficiency)	\$ (511,844)	\$ (514,710)
- attributable to Bigstone Cree Nation	(511,844)	(514,710)
- attributable to Bigstone Forestry Limited Partners	-	-
Results of operations:		
Share of income of equity-accounted investees	\$ 8,597	\$ -
Income and comprehensive income	\$ 8,597	\$ -
- attributable to Bigstone Cree Nation	8,597	-
- attributable to Bigstone Forestry Limited Partners	-	-

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

6. Investments in government business enterprises (continued):

(g) North Central Aboriginal Economic Development Association:

North Central Aboriginal Economic Development Association represents BCN's commitment to a forestry partnership which includes other First Nation organizations and corporate entities formed to pursue forestry projects. During the year ended March 31, 2019 BCN disposed of their beneficial interest in this partnership.

(h) Bigstone Cree Nation Business Trust:

Bigstone Cree Nation Business Trust is currently inactive.

(i) Other:

Other represents the investments in government business enterprises held indirectly by BCN through its subsidiaries and related entities. The balance is comprised of the following:

	2019	2018
Bigstone Evergreen Foundation, 50% beneficial interest in Bigstone Forestry Limited Partnership	\$ 674,917	\$ 436,135
Bigstone Advisory Elders Society, 49% beneficial interest in Bigstone Forestry Limited Partnership	572,813	427,443
	\$ 1,247,730	\$ 863,578

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

7. Operating lines of credit:

BCN has an operating line of credit with CIBC bearing interest at prime rate plus 0.75% (2018 - prime rate plus 0.75%), authorized to a maximum of \$3,000,000 (2018 - \$3,000,000). At March 31, 2019, the operating line of credit had \$2,643,289 (2018 - \$2,718,207) drawn upon it.

In addition, BCN has an operating line of credit with CIBC bearing interest at prime rate plus 0.75% (2018 - prime plus 0.75%), authorized to a maximum of \$2,300,000 (2018 - \$2,300,000). At March 31, 2019, this line of credit had \$nil (2018 - \$nil) drawn upon it.

The operating lines of credit are collateralized by general security agreement granting CIBC a first charge and security interest in all of BCN's present and after-acquired personal property of every nature and kind, an irrevocable assignment to INAC, directing that INAC pay to CIBC all funds payable by INAC to BCN; and an irrevocable assignment of all Health Canada funds directing that Health Canada pay to CIBC all funds payable by Health Canada to BCN.

8. Government transfers repayable:

	2019	2018
Government of Canada:		
INAC	\$ 2,834,822	\$ 1,489,876

9. Deferred revenue:

	2019	2018
Government of Canada:		
INAC	\$ 10,456,399	\$ 2,604,894
Health Canada	134,651	21,923
Other	1,915,927	1,121,030
	12,506,977	3,747,847
Province of Alberta:		
First Nations Development Fund	744,140	1,136,184
Other transfers and unearned revenue	1,271,633	1,385,555
	\$ 14,522,750	\$ 6,269,586

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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:

	2019	2018
<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	\$ 493,630	\$ 531,272
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	136,420	154,318
CMHC Section 95 mortgage on handicap units bearing interest at 0.94% per annum, repayable at \$634 per month including interest, due May 2025	45,572	52,717
CMHC Section 95 mortgage on 43 unit project bearing interest at 2.11% per annum, repayable at \$28,498 per month including interest, due November 2028	2,989,156	3,265,168
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	235,726	249,678
CMHC Section 95 mortgage on 6 unit project bearing interest at 2.05% (2018 - 1.67%) per annum, repayable at \$3,989 (2018 - \$3,835) per month including interest, due April 2028	388,807	426,906
CMHC Section 95 mortgage on 11 unit project bearing interest at 2.01% per annum, repayable at \$4,059 per month including interest, due July 2024	246,176	289,481
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	248,254	279,925
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	294,249	325,618

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Long-term debt (continued):

	2019	2018
<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	\$ 1,258,335	\$ 1,326,692
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	2,574,457	2,736,027
CMHC Section 95 mortgage on 25 unit project bearing interest at 0.94% per annum, repayable at \$16,277 per month including interest, due July 2030	2,099,190	2,273,926
<u>Education - Community School</u>		
CIBC Mortgage Inc. Teacherages Mortgage bearing interest at 3.60% (2018 - 6.85%) per annum, repayable at \$3,157 (2018 - \$3,356) per month plus accrued interest, due February 2022	104,735	135,442
CIBC Education Trailers loan bearing interest at prime plus 0.75% per annum, repayable at \$2,167 plus accrued interest, due on demand	325,000	351,000
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	24,762	45,587
<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	486,667	566,667
<u>Bigstone Cree Nation Child and Family Services Society</u>		
Capital lease, repayable at \$9,799 including interest at 0.353% per annum, due February 2020, collateralized by equipment with a net book value of \$47,841	9,764	19,495

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Long-term debt (continued):

	2019	2018
<u>Bigstone Health Commission</u>		
Royal Bank of Canada term loan bearing interest at 4.91% per annum, repayable at \$7,370 per month including interest, due on demand	\$ -	\$ 937,541
Royal Bank of Canada CMHC Section 10 mortgage bearing interest at 2.83% per annum, repayable at \$3,460 per month including interest, due on demand	-	30,765
	\$ 11,960,900	\$ 13,998,225

The CIBC building loan is secured by a general security agreement granting the CIBC a first charge and security interest in all of BCN's present and after-acquired personal property of every nature and kind; an irrevocable assignment to INAC, directing that INAC pay to CIBC all funds payable by INAC to BCN; a first charge over specific buildings, mobile homes and vehicles; guarantees in the amount of \$1,200,000 from each of Bigstone Oilfield Services & Supplies Ltd. and 458 Holdings Ltd. and adequate insurance with first loss payable to CIBC.

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

During the prior year, Bigstone Health Commission did not repay its Royal Bank of Canada term loan which was repayable in full by May 29, 2017. As such, the Commission was in default of its lending agreement with Royal Bank of Canada. No action was taken by the lender as a result of the events of default. The loan was renegotiated and paid out on June 27, 2018 and is no longer a debt of Bigstone Health Commission.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

10. Long-term debt (continued):

BCN has on demand term loans with CIBC bearing interest at prime rate plus 0.75% (2018 - prime rate plus 0.75%) per annum, authorized to a maximum of \$1,338,168 (2018 - \$942,002). Any principal that is repaid is not available to be re-borrowed. At March 31, 2019, the term loan had \$nil (2018 - \$nil) drawn upon it.

The term loan is collateralized by general security agreement granting CIBC a first charge and security interest in all of BCN's present and after-acquired personal property of every nature and kind, an irrevocable assignment to INAC, directing that INAC pay to CIBC all funds payable by INAC to BCN; and an irrevocable assignment of all Health Canada funds directing that Health Canada pay to CIBC all funds payable by Health Canada to BCN.

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:

2020	\$	1,089,996
2021		1,081,224
2022		1,085,212
2023		1,072,691
2024		1,090,076
Thereafter		6,541,701
		\$ 11,960,900

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

11. Tangible capital assets:

2019	Cost	Accumulated amortization	Net book value
Buildings	\$ 59,657,504	\$ 25,100,933	\$ 34,556,571
Land	2,839,239	-	2,839,239
Infrastructure	12,274,024	4,337,739	7,936,285
Mobile homes	24,575,304	12,404,126	12,171,178
Vehicles	6,572,196	4,634,578	1,937,618
Equipment	2,623,086	1,359,212	1,263,874
Modular offices under capital lease	406,459	338,824	67,635
Computer equipment	1,310,817	747,935	562,882
Fences and signs	224,759	137,728	87,031
Furniture and fixtures	899,478	670,585	228,893
	\$ 111,382,866	\$ 49,731,660	\$ 61,651,206

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

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Accumulated surplus:

	2019	2018
Operating fund:		
Unrestricted (deficiency)	\$ 7,020,962	\$ 2,370,610
Settlement trust funds:		
Realized	95,769,888	93,425,919
Accumulated remeasurement gains	3,298,509	10,175,677
	99,068,397	103,601,596
Trust funds held by federal government	1,482,970	1,097,486
Invested in government business enterprises (see (i) below)	4,477,899	10,815,315
Moveable Assets Reserve (see (ii) below)	973,963	626,458
Invested in tangible capital assets (see (iii) below)	48,639,349	48,314,393
	\$ 161,663,540	\$ 166,825,858

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

	2019	2018
Investments in government business enterprises	\$ 4,477,899	\$ 11,752,856
Long-term debt related to government business enterprises	-	(937,541)
	\$ 4,477,899	\$ 10,815,315

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

12. Accumulated surplus (continued):

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

	2019	2018
Balance, beginning of year	\$ 626,458	\$ 375,911
Amount advanced during the year	349,656	349,656
Expenses (acquisition and replacement)	(2,151)	(99,109)
Balance, end of year	\$ 973,963	\$ 626,458

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

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

	2019	2018
Tangible capital assets	\$ 61,651,206	\$ 62,426,034
Long-term debt related to tangible capital assets	(11,960,900)	(13,060,684)
Moveable asset reserve initial contribution	(1,050,957)	(1,050,957)
Balance, end of year	\$ 48,639,349	\$ 48,314,393

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

13. Government transfers:

	2019	2018
Government of Canada, operating:		
INAC - contribution funding, BCN	\$ 31,753,189	\$ 24,065,055
INAC - contribution funding, Bigstone Cree Nation Child and Family Services Society	9,619,529	4,882,768
CMHC	847,408	1,276,617
Health Canada	23,488,438	20,725,058
Service Canada	1,996,618	1,993,821
Other government of Canada agencies	504,427	470,556
Government of Canada, capital:		
Health Canada moveable assets reserve	349,656	349,656
Province of Alberta, operating:		
Province of Alberta and other agencies	1,200,291	919,363
Province of Alberta, capital:		
First Nations Development Fund	1,327,549	1,423,000
	<u>\$ 71,087,105</u>	<u>\$ 56,105,894</u>

14. Investment income:

	2019	2018
Investment income, net	\$ 4,681,977	\$ 4,171,118
Realized gains on disposal of investments	152,991	30,398
	<u>\$ 4,834,968</u>	<u>\$ 4,201,516</u>

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

15. Expenses by object:

	2019	2018
Salaries, wages, benefits and honoraria	\$ 17,552,667	\$ 14,882,654
Non-insured health benefit program costs	10,783,775	10,473,432
Program delivery	10,208,578	10,062,130
Tuition and training	9,652,298	10,245,642
Administration and office	5,518,472	5,028,280
Amortization of tangible capital assets	5,100,823	4,718,197
Repairs and maintenance	4,822,813	5,254,235
Travel and meetings	3,656,554	2,839,600
Professional fees	3,075,861	2,449,813
Community and per capita distributions	1,764,277	941,967
Other	1,252,298	1,173,227
Utilities	908,213	780,440
Interest and bank charges	552,800	461,871
Bad debts	210,528	1,241,967
	\$ 75,059,957	\$ 70,553,455

16. Commitments, contingencies and guarantees:

The annual commitments for operating leases of office equipment are insignificant in total and therefore the annual commitments have not been disclosed in the consolidated financial statements.

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

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, 2019, management believes that BCN has valid defenses 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 consolidated financial statements.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

17. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. BCN is exposed to credit risk with respect to its accounts receivable, investments, temporary investments, portfolio investments - settlement trust funds and trust funds held by federal government.

BCN assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of BCN at March 31, 2019 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

The maximum exposure to investment credit risk is outlined in notes 4 and 5.

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

(b) Liquidity risk:

Liquidity risk is the risk that BCN will be unable to fulfill its obligations on a timely basis or at a reasonable cost. BCN manages its liquidity risk by monitoring its operating requirements. BCN prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice.

The contractual maturities of long-term debt is disclosed in note 10.

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

(c) Geographical risk:

Geographical risk is the risk that BCN's revenues will be affected by the remote location of its operations.

BCN's other contributions and transfers as well as other sources of non-investment income revenues are earned in Wabasca-Desmarais and neighboring territories region of northern Alberta. A reduction in the economic activity in this region will unfavorably impact the revenues of BCN.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect BCN's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(i) Foreign exchange risk:

BCN is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, BCN makes purchases denominated in U.S. dollars. BCN does not currently enter into forward contracts to mitigate this risk.

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

(ii) Interest rate risk:

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

Financial assets and financial liabilities with variable interest rates expose BCN to cash flow interest rate risk. BCN is exposed to this risk through its portfolio investments - settlement trust funds as disclosed in note 4 as well as variable interest bearing operating lines of credit as disclosed in note 7 and long-term debt as disclosed in note 10.

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

18. Segment disclosures:

BCN provides a wide range of services to its members. Services are delivered through a number of different programs and departments. Identified segments are defined by BCN for which separate financial information is available and is evaluated regularly by Chief and Council and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in note 1.

The segmented information is provided in the schedules of these consolidated financial statements.

BIGSTONE CREE NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

19. Trusts under administration:

Trusts under administration comprise the net investments held within the Bigstone Cree Nation Children's Trust in the amount of \$4,932,314 (2018 - \$5,319,980) which are administered by BCN for the benefit of each member and affiliate of Bigstone Cree Nation who was under the age of eighteen and alive and has a Band registration number beginning with the digits 458 on November 15, 2010. The net investments are held in interest bearing accounts earning interest at rates of 2.3% (2018 - 1.5%).

20. Comparative information

Certain comparative financial information has been reclassified to conform to the current year consolidated financial statement presentation.