



Financial Statements

Sturgeon Lake First Nation

Entitlement Revenue Account

March 31, 2020

**STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT**

**Index to Financial Statements**

**Year Ended March 31, 2020**

*(Unaudited)*

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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The financial statements of Sturgeon Lake First Nation Entitlement Revenue Account have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Sturgeon Lake First Nation Entitlement Revenue Account's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chief and Council carries out this responsibility principally through its Executive Committee. The Executive Committee is appointed by the Chief and Council and meets periodically with management and the Chief and Councils' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Chief and Council prior to its approval of the financial statements. The Committee also considers, for review by the Chief and Council and approval by the Chief and Council the engagement or re-appointment of the external auditors.

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Chief

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Councillor

Prince Albert, SK  
December 1, 2020

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Chief and Council of Sturgeon Lake First Nation Entitlement Revenue Account

We have reviewed the accompanying financial statements of Sturgeon Lake First Nation Entitlement Revenue Account which comprise the statement of financial position as at March 31, 2020 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Practitioner's Responsibility for the Financial Statements*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Sturgeon Lake First Nation Entitlement Revenue Account as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Emphasis of Matters - Restated Comparative Information*

We draw attention to Notes 2 and 6 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. The financial statements for the year ended March 31, 2019 (prior to the presentation and disclosure adjustments that were applied to restate certain comparative information explained in Note 2 and 6) were reviewed by Cogent CPA LLP who expressed an unmodified conclusion on those financial statements on December 10, 2019. Our conclusions is not modified in respect of this matter. The partners and staff of Cogent Chartered Professional Accountants LLP joined Grant Thornton LLP on November 1, 2019.

*Grant Thornton LLP*

Saskatoon, Canada  
December 1, 2020

Chartered Professional Accountants

**STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT**  
**Statement of Financial Position**  
**March 31, 2020**

|  | <b>2020</b>              | 2019<br>(Restated -<br>See Note 6) |
|--|--------------------------|------------------------------------|
| <b>FINANCIAL ASSETS</b>                  |                          |                                    |
| Cash                                     | \$ 427,457               | \$ 559,999                         |
| Due from related parties <i>(Note 5)</i> | <u>6,605</u>             | <u>9,981</u>                       |
|  | <b><u>434,062</u></b>    | <b><u>569,980</u></b>              |
| <b>LIABILITIES</b>                       |                          |                                    |
| Accounts payable and accrued liabilities | <u>5,848</u>             | <u>5,540</u>                       |
| <b>NET FINANCIAL ASSETS</b>              | <b><u>428,214</u></b>    | <b><u>564,440</u></b>              |
| <b>NON-FINANCIAL ASSETS</b>              |                          |                                    |
|  | <u>-</u>                 | <u>-</u>                           |
| <b>ACCUMULATED SURPLUS</b>               | <b><u>\$ 428,213</u></b> | <b><u>\$ 564,440</u></b>           |

**ON BEHALF OF CHIEF AND COUNCIL**

\_\_\_\_\_ *Chief*

\_\_\_\_\_ *Councillor*

**STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended March 31, 2020**

|  | 2020              | 2019<br>(Restated -<br>See Note 6) |
|--|-------------------|------------------------------------|
| <b>REVENUES</b>  | <b>\$ 280,497</b> | <b>\$ 1,911,136</b>                |
| <b>EXPENSES</b>  |                   |                                    |
| Land associated expenses   | 169,450           | 86,030                             |
| Expenditures on land transferred to Sturgeon Lake TLE Land Holding Corp. | 90,847            | 1,923,948                          |
| Co-ordinator fees  | 80,554            | 67,087                             |
| Consulting fees  | 56,426            | 31,200                             |
| Professional fees  | 13,768            | 4,950                              |
| Office rent  | 5,679             | 5,260                              |
| Office   | -                 | 637                                |
|  | <b>416,724</b>    | <b>2,119,112</b>                   |
| <b>ANNUAL DEFICIT</b>  | <b>(136,227)</b>  | <b>(207,976)</b>                   |
| ACCUMULATED SURPLUS - BEGINNING OF YEAR                                  | <b>564,440</b>    | <b>772,416</b>                     |
| <b>ACCUMULATED SURPLUS - END OF YEAR</b>                                 | <b>\$ 428,213</b> | <b>\$ 564,440</b>                  |

**STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT**  
**Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2020**

|   | <b>2020</b>         | 2019<br>(Restated -<br>See Note 6) |
|---|---------------------|------------------------------------|
| <b>ANNUAL DEFICIT</b>                           | <b>\$ (136,227)</b> | <b>\$ (207,976)</b>                |
| <b>DECREASE IN NET FINANCIAL ASSETS</b>         | <b>(136,227)</b>    | <b>(207,976)</b>                   |
| <b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b> | <b>564,440</b>      | <b>772,416</b>                     |
| <b>NET FINANCIAL ASSETS - END OF YEAR</b>       | <b>\$ 428,213</b>   | <b>\$ 564,440</b>                  |

**STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT**

**Statement of Cash Flows  
Year Ended March 31, 2020**

|   | <b>2020</b>              | 2019<br>(Restated -<br>See Note 6) |
|---|--------------------------|------------------------------------|
| <b>OPERATING ACTIVITIES</b>                 |                          |                                    |
| Annual Deficit                              | \$ (136,227)             | \$ (207,976)                       |
| Change in non-cash working capital:         |                          |                                    |
| Accounts payable and accrued liabilities    | <u>308</u>               | <u>3,392</u>                       |
| Cash flow used by operating activities      | <u>(135,919)</u>         | <u>(204,584)</u>                   |
| <b>FINANCING ACTIVITY</b>                   |                          |                                    |
| advances from related parties               | <u>15,386</u>            | <u>(9,381)</u>                     |
| Cash flow from (used by) financing activity | <u>15,386</u>            | <u>(9,381)</u>                     |
| <b>DECREASE IN CASH FLOW</b>                | <b>(120,533)</b>         | <b>(213,965)</b>                   |
| Cash - beginning of year                    | <u>559,999</u>           | <u>773,964</u>                     |
| <b>CASH - END OF YEAR</b>                   | <b><u>\$ 439,466</u></b> | <b><u>\$ 559,999</u></b>           |

See notes to financial statements



# STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT

## Notes to Financial Statements

Year Ended March 31, 2020

*(Unaudited)*

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### 1. PURPOSE OF THE TRUST

The Sturgeon Lake First Nation Entitlement Revenue Account (the "Trust") was established pursuant to the Sturgeon Lake First Nation Treaty Land Entitlement Trust dated February 1, 2007. Pursuant to this trust agreement, the Sturgeon Lake First Nation was required to establish an entitlement revenue account to receive investment earnings from the Treaty Land Entitlement Account that was established pursuant to the Treaty Land Entitlement Settlement Agreement with the Governments of Canada and Saskatchewan. In accordance with the Treaty Land Entitlement Settlement Agreement and the Sturgeon Lake First Nation Treaty Land Entitlement Trust Agreement, the funds held in the entitlement revenue account may only be used for the payment of acquisition costs related to the purchase of entitlement land, for the purchase of entitlement land, to reinvest in the entitlement fund, and for Band development purposes.

Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

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### 2. RESTATED COMPARATIVE INFORMATION

These financial statements are the first financial statements for which the Trust has applied Canadian public sector accounting standards (PSAS). The financial statements for the year ended March 31, 2020, including comparative period figures presented for March 31, 2019, are prepared in accordance with PSAS.

In fiscal years preceding March 31, 2019, the Trust prepared its financial statements under Canadian accounting standards for not-for-profit organizations (ASNPO). During the year ended March 31, 2020, management determined that the Trust should be categorized as a public sector entity rather than a not-for-profit. Accordingly, the Trust is required to prepare its financial statements under PSAS rather than ASNPO.

There were adjustments made to the March 31, 2019 comparative figures as a result of the above transition. See note 6 for further descriptions.

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# STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT

## Notes to Financial Statements

Year Ended March 31, 2020

(Unaudited)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trust are prepared by management in accordance with the Canadian public sector accounting standards established by the Public Sector Accounting Board of the Accounting Standards Oversight Council. Significant aspects of the accounting policies are as follows:

**Basis of accounting:** The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

#### Revenue recognition

For land that has obtained reserve status, rental revenues are directly paid from the tenant to "Sturgeon Lake Revenues Trust/Ottawa." The monies are only transferred to the Trust by order of a "Band Council Resolution" by the Sturgeon Lake First Nation Band. This revenue is recognized by the Sturgeon Lake First Nation Entitlement Revenue Account when the money is received and not in the period of tenant's occupancy.

#### Net financial assets:

Net Financial Assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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**STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT**

**Notes to Financial Statements**

**Year Ended March 31, 2020**

*(Unaudited)*

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4. RELATED PARTY TRANSACTIONS

The following is a summary of the trust's related party transactions:

|   | <u>2020</u>        | <u>2019</u>           |
|---|--------------------|-----------------------|
| Sturgeon Lake TLE Land Holding Corp.<br><i>(Common control)</i> |                    |                       |
| Expenditures on lands transferred                               | \$ (90,847)        | \$ (1,923,948)        |
| Payment of professional fees on behalf                          | 6,005              | 9,381                 |
|   | <u>\$ (84,842)</u> | <u>\$ (1,914,567)</u> |

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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5. DUE TO/ FROM RELATED PARTIES

|   | <u>2020</u>     | <u>2019</u>     |
|---|-----------------|-----------------|
| Due from related parties                            |                 |                 |
| Sturgeon Lake TLE Land Holding Corporation          | \$ 6,005        | \$ 9,381        |
| Sturgeon Lake Economic Development (common control) | 600             | 600             |
|   | <u>\$ 6,605</u> | <u>\$ 9,981</u> |

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# STURGEON LAKE FIRST NATION ENTITLEMENT REVENUE ACCOUNT

## Notes to Financial Statements

Year Ended March 31, 2020

(Unaudited)

### 6. PRIOR PERIOD ADJUSTMENTS

As a result of applying Public sector accounting standards for the first time, expenditures on lands purchased by the Trust and transferred to the Sturgeon Lake TLE Land Holding Corporation were adjusted as the expenditures on land transferred had been recorded as a direct reduction in Accumulated Surplus rather than being expensed on the Statement of Operations.

|   | 2019                   |                |              |
|---|------------------------|----------------|--------------|
|   | Previously<br>Reported | Adjustments    | 2019         |
| <u>Statement of Operations</u>                |                        |                |              |
| Revenues                                      | \$ 1,911,136           | \$ -           | \$ 1,911,136 |
| Expenses                                      | (195,165)              | (1,923,948)    | (2,119,113)  |
| Annual deficit                                | 1,715,971              | (1,923,948)    | (207,977)    |
| <u>Statement of Cash Flows</u>                |                        |                |              |
| Annual deficit                                | \$ 1,715,971           | \$ (1,923,948) | \$ (207,977) |
| Lands transferred to Land Holding Corporation | (1,923,948)            | 1,923,948      | -            |

### 7. SUBSEQUENT EVENTS

Since March 31, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

It is unknown to what extent these factors will impact the Trust, however they could play a significant factor on future land purchases by creating difficulty in travel, investigating lands and meetings. The Trust has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Trust for future periods.