



ANNUAL REPORT 2019-2020 FISCAL

Alberta Indigenous Opportunities Corporation

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MESSAGE FROM THE MINISTER OF INDIGENOUS RELATIONS



Honourable Rick Wilson

For generations, Alberta's prosperity has been inseparably linked to the successful development of our natural resources. Unfortunately, that success has not always included Indigenous communities. Despite being the original stewards of the land, the air and the water, Indigenous people mostly have been kept out of ownership and management of those resources. The ability is there, which is why our government made a commitment to do things differently.

We imagined a game-changing organization for you to capitalize your stewardship and work around the financial barriers that have prevented Indigenous communities from taking out loans to invest in responsible, large-scale resource projects. Within our first six weeks in office, we connected with chiefs and chairs to talk about how best to make this happen.

We took that vision and made it real through the first legislation Indigenous Relations has put forward in three decades.

The Alberta Indigenous Opportunities Corporation ensures Indigenous people can partner in prosperity with the Alberta government. By backstopping up to \$1 billion in loan guarantees, that long-standing financial barrier drops. Finally, Indigenous communities will be able to access financial resources to help you buy into larger projects in oil, gas, mining, forestry and renewable energy that can flow a new economic stream back to you.

No other province or territory has a public agency like this - a Crown corporation that walks with Indigenous people toward economic reconciliation. The aim is to create a sustainable source of revenue that enables you to take charge of your own economic future and fund the development and social programs that will benefit your communities. It is a model we want to see take shape throughout the country.

I will be proud to tell my grandchildren about your successes.

Rick Wilson
Minister of Indigenous Relations



MESSAGE FROM OUR BOARD CHAIR

Cody Church

This is the beginning of a new story in Alberta.

On October 8, 2019, the Alberta government introduced Bill 14 - *Alberta Indigenous Opportunities Corporation Act*. This Bill created the Alberta Indigenous Opportunities Corporation (AIOC), a Crown corporation to facilitate access to capital so Indigenous groups can invest in natural resource development projects and related infrastructure.

I had the distinct privilege to be appointed chair of AIOC and I am proud to work with a board of directors who are among Alberta's most experienced leaders.

With the guidance of our advisor, Elder Gilman Cardinal, we have launched the journey of AIOC.

Our priority was to set a solid foundation for AIOC's operations by establishing a strong governance structure. The board has established three committees to guide our work and to support investment opportunities for Indigenous peoples:

- Audit and Risk;
- Governance;
- Investment.

We established the Investment Committee to meet AIOC's core mandate to review and support investments by Indigenous communities, a process that will begin in earnest in the coming months. Board members have also worked to develop program guidelines to review and evaluate potential investment opportunities effectively.

Our work will ensure AIOC is an agency of the highest standards, because our purpose is to ensure Indigenous investment opportunities in natural resource development bring greater prosperity to Indigenous communities.

This is especially important during this challenging time, when Albertans and our energy sector are affected profoundly by COVID-19.

In the next year, we will focus in several key areas:

- creating an Indigenous financial ecosystem;
- bringing together projects, capital and operational expertise;
- supporting Indigenous groups build internal investment capabilities.

The board and I look forward to continuing the AIOC journey and serving Indigenous people seeking to invest in natural resources.

Cody Church
AIOC Board Chair



MESSAGE FROM OUR INTERIM CEO

Matthew Machielse

It is a privilege to serve as the interim CEO of the Alberta Indigenous Opportunities Corporation, supporting an initiative that has the potential to drive change on a national scale. Since the introductory announcement in 2019, we have been working to meet high expectations that we will quickly deliver on our core mandate of enhancing Indigenous prosperity within Alberta's natural resources sector. The new board has been highly engaged and focused on moving the initiative forward with the interim team.

The foundational elements of the new agency are becoming well established. Leveraging existing government entities allowed the organization to create the governance policy and administrative functions required for a new organization. The year ahead will be on recruiting permanent staff who are passionate to deliver on an exciting mandate.

When Minister Wilson first spoke about AIOC, there was immediate interest from Indigenous communities, industry, and a broad array of stakeholders seeking clarity on the mandate. The interim team has been sharing the board's vision through one-on-one meetings and public discussions. Over the coming year, the agency will build on these early expressions of interest to establish an investment review and decision-making program with Indigenous communities at its core. We intend to work with partners and build an investment ecosystem that will contribute to a legacy of Indigenous prosperity.

Matthew Machielse
AIOC Interim CEO



MESSAGE FROM OUR BOARD INDIGENOUS ELDER ADVISOR Gilman R. Cardinal

Hi, my name is Gilman Cardinal, a Treaty 8 Bigstone Cree Nation full status Elder. I would like to provide you with a couple of messages today.

At this time of national health and economic uncertainty, protect and keep each other safe, we will get through this together.

I've been asked to provide an elder advisor role for the Ministry of Indigenous Relations for the recently launched corporation called Alberta Indigenous Opportunities Corporation. This corporation can provide loan guarantees for Indigenous groups to start investing in the natural resources sector.

This will open doors for greater economic capacity for Indigenous people, especially our young ones. The young ones are our young warriors, role models and future leaders.

I would like to ask for your support in this corporation.

Hiy Hiy

Elder Gilman R. Cardinal
AIOC Board Elder

OUR BOARD

Cody Church, Board Chair

Cody Church is Founder, CEO and President of Clear North Capital, a private equity group established in 2019, and focused on long-term investments in mid-market companies in North America. Cody invests his own personal resources in private companies with a long-term value creation model focused on partnership. In 1997, Mr. Church co-founded TriWest Capital Partners where he was instrumental in establishing the largest general buyout fund in Western Canada raising over \$1.25 billion equity over five funds and acquiring 41 leading Western Canadian companies over a span of 22 years. Mr. Church graduated from Cochrane High followed by a cum laude with a Bachelor of Economics from Harvard University, was a National Top 40 Under 40 recipient, and currently serves as Vice Chair of the University of Calgary Board of Governors, Chairs the Alberta Chapter of Children's Wish Foundation and serves on the Board of the parks Foundation of Calgary. A fourth generation Albertan with five children, Cody is still active with the family ranch, a 300 cow-calf operation Northwest of Calgary.

Stephen Buffalo, Vice Chair

Stephen Buffalo is a member of the Samson Cree Nation, located in Maskwacis, approximately 100 kilometers south of Edmonton. Mr. Buffalo has a management degree from the University of Lethbridge, and he worked for Peace Hills Trust for 15 years. Since 2014, Mr. Buffalo has been President and CEO of the Indian Resource Council of Canada, which supports First Nations by working with government and industry.

Heather Barnhouse, Governance Committee Chair

Heather Barnhouse is a partner at Dentons Canada LLP, in the corporate/commercial group, and her expertise includes structuring mergers and acquisition transactions, as well as structuring businesses to help them grow and scale. She has a Bachelor of Science, Bachelor of Laws, and MBA, all from the University of Alberta. Previously, she was the President of a national drowning prevention organization and serves on a number of advisory boards in the health and technology space. She also holds the ICD.D designation.

Strater Crowfoot

Strater Crowfoot is the CEO and Executive Director of Indian Oil and Gas Canada and is a former board member of the National Energy Board of Canada. He has participated in the sponsorship, development and passing of several pieces of federal legislation which benefitted First Nations. Mr. Crowfoot holds an associate of arts degree in accounting, a Bachelor of Science in managerial finance, and a Master of Business Administration. Mr. Crowfoot is also a former Head Chief of Siksika Nation.

Gary Bosgoed

Gary Bosgoed, P.Eng. is the President & CEO of Bosgoed Project Consultants, a project management, management consulting and consulting engineering company headquartered in Edmonton. The company currently manages projects and provides business advisory services across Alberta and Saskatchewan. He is a member of the Peepeekisis First Nation

and has worked on over 100 First Nations projects. His experience also includes project delivery of large resource development, pipeline, energy, power and infrastructure projects for global service providers.

Mr. Bosgoed's credentials include working as Senior Vice President and General Manager of WorleyParsons Canada in Edmonton leading a team of over 2,600. He has served as Chair of the Alberta Capital Region United Way Campaign, Director of the Alberta Electric System Operator (AESO) and the National Aboriginal Economic Development Board. He also lectures on indigenous community engagement at conferences, the ICD and University courses. He is also a Director of Westrade Strategic Solutions and sits on the University of Regina Board of Governors.

Peter Williams, Investment Committee Chair

Peter Williams is CEO and Managing Partner of Annapolis Capital, a private equity firm he co-founded in 2006, which has raised \$650 million to invest in Canadian upstream energy companies. Prior to that, Mr. Williams was the CEO and Chairman of two successful private Canadian oil and gas companies, Krang Energy and Passage Energy and COO of a public energy company, Stampeder Exploration. Mr. Williams has been an active participant on boards in the not for profit space, most recently as Chairman of Lionheart Foundation and Girl Power Hour, both focused on the mental wellness of adolescent girls and young women. Mr. Williams has participated as a governor of the Canadian Association of Petroleum Producers and earned a Bachelor of Arts degree in economics and Bachelor of Laws, both from Dalhousie University.

Aroon Sequeira, Audit and Risk Committee Chair

Aroon Sequeira is the founder of Sequeira Partners, one of western Canada's leading corporate finance advisory firms. His expertise includes sourcing, negotiating, and structuring mergers and acquisitions transactions, raising capital, and providing valuations and fairness opinions to clients in a broad cross section of industries. In the past, Mr. Sequeira was the Edmonton managing partner of EY. He currently sits on several corporate and not for profit boards. Mr. Sequeira earned a Bachelor of Commerce degree from the University of Alberta and holds the FCA, FCBV and ICD.D designations.

Donavon Young, Ex-officio Member

Donavon Young has been the Deputy Minister of Alberta Indigenous Relations since April 2014. He brings over 35 years of extensive experience working with Indigenous peoples. Previously he worked as an Assistant Deputy Minister (Aboriginal Relations) for both the Government of Alberta and the Government of Saskatchewan. Donavon has also worked for the Royal Commission of Aboriginal Peoples in Ottawa and Gabriel Dumont Institute of Native Studies and Applied Research in Saskatchewan.

ACCOUNTABILITY STATEMENT

Alberta Indigenous Opportunities Corporation's (AIOC) Annual Report for the period ended March 31, 2020, was prepared under the Board of Director's direction in accordance with the Planning and Reporting Guide, and the ministerial guidelines established pursuant to the Alberta Public Agencies Governance Act (APAGA) and the Fiscal Planning and Transparency Act. All material economic, environmental or fiscal implications, of which we are aware, have been considered in preparation of this report.

Original signed by Cody Church

Board Chair

Original dated by Cody Church

Date

EXECUTIVE SUMMARY

Launched by the Government of Alberta through legislation in the Fall of 2019, the Alberta Indigenous Opportunities Corporation (AIOC) is a new Crown corporation designed to bridge the gap between Indigenous groups seeking commercial partnerships in natural resource sectors and their financial capacity. The AIOC has been delegated the authority to provide up to \$1 billion in loan guarantees to reduce the cost of capital for Indigenous groups, and to support their ability to raise capital to invest in natural resource projects.

A seven-member Board of Directors was appointed on January 27, 2020, supported by an interim Chief Executive Officer (CEO), a secretariat of government officials, and the aid of external consultancies. The initial focus has been on selecting permanent staff, and establishing a strong governance model to deliver the program outcomes prescribed in legislation. As an Agent of the Crown, the Board of Directors will discharge its delegated fiduciary responsibility by ensuring AIOC develops and implements the appropriate protocols, policies and internal financial systems and controls to fulfill its mandate effectively and efficiently.

As a new Crown corporation, the AIOC has been focusing on starting up the agency. This includes setting up the board of directors, meeting with Indigenous and industry leaders, and creating operational pieces, such as a website and financial systems.

This report provides a snapshot of the scope of the activities the AIOC has begun to remove a barrier for Indigenous communities to become full partners in prosperity.



RESULTS AND ACHIEVEMENTS

Goal 1: Establishing the Board of Directors

In accordance with the *Alberta Indigenous Opportunities Act*, the Board of Directors (“Board”) is responsible for overseeing the management of the business and affairs of the AIOC. Guided by this mandate, the Board sets the strategic direction of the



Corporation, and oversees the development and implementation of policies and procedures that govern the day-to-day conduct of the AIOC’s business.

As a new agency, there was significant work produced to support the establishment of the board. The board has established three committees (Audit & Risk; Governance; and Investment) to support their efforts. There has been a clear expectation set that all board and committee processes, management and its organizational structure, conduct and behaviour, stakeholder engagement, legal and corporate compliance are governed to the highest standards.

Goal 2: Operationalizing the Alberta Indigenous Opportunities Corporation

When establishing a new corporation, there are various structural, staffing and policy requirements. The AIOC was initiated with staff assigned from various departments to enable the agency to move quickly. This allowed the board to undertake three full board meetings and 10 committee meetings in the first three months of operation. The board was well supported to complete several governance policies and clearly define its mandate and roles for the Minister’s consideration. The board’s Governance Committee has also moved rapidly to hire a permanent CEO and interim CIO to move the initiative forward in the near-term.

Leveraging other crown agencies and corporate supports has enabled AIOC to progress quickly through shared service agreements. This agreement included legal, IT, HR and financial supports to facilitate early activities.

A website, www.theaioc.com, provides information about the corporation and will help connect with the public. The site has been an early contact point for Indigenous communities, industry and interested stakeholders.

Goal 3: Engaging with Indigenous and Industry Leaders

In addition to the engagement sessions with Indigenous leaders in the summer of 2019, which helped guide the development of the establishing legislation, AIOC's board and staff have been actively engaging with Indigenous and industry leaders. More than 130 project and community leader meetings have occurred, identifying more than 40 potential proposals seeking AIOC support. Projects range widely across the natural resources spectrum, covering forestry, transportation and export infrastructure, upstream energy production and services, as well as midstream and downstream projects. Additionally, AIOC has presented at 14 key events across Alberta. Notable opportunities included the IRC Indigenous Major Projects Conference, Alberta Chamber of Resource AGM, and the Métis Women's Council on Economic Security. The interim CEO also supported Minister Wilson at the Assembly of Treaty Chiefs.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Alberta Indigenous Opportunities Corporation (AIOC) financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian public sector accounting standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the AIOC has developed and maintains a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that AIOC transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the AIOC's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

AIOC's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. In both the presence and absence of management, the Board meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the members of the Board.

Original signed by Matthew Machielse

Original signed by Michael Matishak

Interim Chief Executive Officer

Acting Senior Financial Officer

Independent Auditor's Report

To the Board of Directors of the Alberta Indigenous Opportunities Corporation

Report on the Financial Statements

Opinion

I have audited the financial statements of the Alberta Indigenous Opportunities Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial assets, and cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2020, and the results of its operations, its changes in net financial assets, and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

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 the 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 Corporation'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

My 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Corporation'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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation 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.

I 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 I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

June 22, 2020
Edmonton, Alberta

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION

Financial Statements

March 31, 2020

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ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
STATEMENT OF OPERATIONS
 Period from November 26, 2019 to March 31, 2020

	2020	
	Budget	Actual
	<i>(in thousands)</i>	
Revenues		
Government of Alberta grants (note 4)	\$ 6,000	\$ 2,000
	<u>6,000</u>	<u>2,000</u>
Expenses (Note 2(a) and Schedules 1 and 3)		
Indigenous opportunities initiatives	3,500	600
Administration	2,500	525
	<u>6,000</u>	<u>1,125</u>
Operating surplus	-	875
Accumulated surplus at beginning of period	-	-
Accumulated surplus at end of period	<u>\$ -</u>	<u>\$ 875</u>

The accompanying notes and schedules are part of these financial statements.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	<u>2020</u>
	<i>(in thousands)</i>
Financial assets	
Due from Government of Alberta (Note 5)	\$ 2,000
	<u>\$ 2,000</u>
Liabilities	
Due to Government of Alberta (Note 5)	\$ 1,125
	<u>\$ 1,125</u>
Net financial assets	<u>875</u>
Net assets	<u>\$ 875</u>
Net assets	
Net assets at beginning of period	-
Accumulated surplus	875
	<u>\$ 875</u>

Contingent liabilities (Note 7)
Contractual obligations (Note 8)

The accompanying notes and schedules are part of these financial statements.

Approved by

Original signed by Cody Church

Chair – Board of Directors

Approved by

Original signed by Matthew Machielse

Interim Chief Executive Officer

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 Period from November 26, 2019 to March 31, 2020

	2020	
	Budget	Actual
	<i>(in thousands)</i>	
Operating surplus	\$ -	\$ 875
Increase in net financial assets	-	875
Net financial assets at beginning of period	-	-
Net financial assets at end of period	\$ -	\$ 875

The accompanying notes and schedules are part of these financial statements.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
STATEMENT OF CASH FLOWS
Period from November 26, 2019 to March 31, 2020

	<u>2020</u>
	<i>(in thousands)</i>
Operating transactions	
Operating surplus	\$ 875
(Increase) in due from Government of Alberta	(2,000)
Increase in due to Government of Alberta	<u>1,125</u>
Cash provided by operating transactions	<u>-</u>
Increase (decrease) in cash and cash equivalents	
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	<u>\$ -</u>

The accompanying notes and schedules are part of these financial statements.

**ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020**

Note 1 AUTHORITY AND PURPOSE

Alberta Indigenous Opportunities Corporation (AIOC) is a provincial corporation established on November 26, 2019 and operates under the authority of the *Alberta Indigenous Opportunities Corporation Act*, Chapter A-26.3 of the Statutes of Alberta, 2019.

The mandate of the AIOC is to facilitate investment by indigenous groups in natural resource projects and related infrastructure, subject to the regulations.

The AIOC is exempt from income taxes under the *Income Tax Act*.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Alberta Indigenous Opportunities Corporation, which is part of the Ministry of Indigenous Relations (Ministry) and for which the Minister of Indigenous Relations (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of financial reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Government transfers

Transfers from all governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the AIOC's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the AIOC complies with its communicated use of the transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the AIOC meets the eligibility criteria (if any).

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2020

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Valuation of Financial Assets and Liabilities

The AIOC's financial assets and liabilities are generally measured as follows:

Financial statement component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

The AIOC has no financial assets or liabilities in the fair value category, and has no derivatives or unsettled exchange gains or losses therefore the statement of re-measurement gains or losses is not included in these financial statements.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption on the normal course of operations.

Financial assets are the AIOC's financial claims on external organizations and individuals, at the year end.

Cash and cash equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of financial reporting (cont'd)

Accounts receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Tangible Capital Assets

Tangible capital assets of the AIOC are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. An asset acquired, other than computer software, with a life of more than one year and a cost of \$5,000 or more is capitalized. Computer software acquired from external sources at a cost of \$100,000 or more are capitalized.

Liabilities

Liabilities are present obligations of the AIOC to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Note 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2022)**
This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the financial statements.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

Note 4 BUDGET

In order to commence the AIOC's operations, the Government of Alberta committed \$24 million as an operating grant over a four-year period. The budget for the AIOC was included in the 2019-20 Government Estimates under the Ministry of Indigenous Relations. For the 2019/20 fiscal period, a \$6 million grant target was initially set in the Ministry of Indigenous Relations as the budget for fiscal 2019/20. However, given the establishment of the AIOC and the Board of Directors late in the fiscal year, funding committed in the grant agreement was decreased to \$2 million with the balance deferred to future periods.

Note 5 DUE FROM/TO GOVERNMENT OF ALBERTA
(in thousands)

	2020	
Due from the Department of Indigenous Relations	\$	2,000
Due to the Department of Indigenous Relations	\$	1,125

Note 6 FINANCIAL RISK MANAGEMENT

The AIOC has the following financial instruments: accounts receivable, accounts payable and accrued liabilities. The AIOC has exposure to the following risks from use of financial instruments:

(a) Liquidity Risk

Liquidity risk is the risk the AIOC will not be able to meet its obligations as they fall due. Liquidity risk is associated with the AIOC's financial liabilities. The AIOC's exposure to liquidity risk arises due to its cash flow requirements to fulfill payment of its account payable and accrued liabilities. The AIOC manages this risk by obtaining adequate funding from the Department of Indigenous Relations.

Note 7 CONTINGENT LIABILITIES

At March 31, 2020, the AIOC was not named as defendant in any specific legal actions and there are no other known contingent liabilities.

Note 8 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of AIOC to others that will become liabilities in the future when the terms of the contracts or agreements are met. At March 31, 2020, the AIOC had no contractual obligations.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

Note 9 **BENEFIT PLAN**
(in thousands)

The AIOC provides benefits whereby it makes available contributions for Registered Retirement Savings Plans (RRSP) on behalf of employees of the AIOC. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act (Canada)*. The expense of \$14 included in these financial statements represents the current contributions made on behalf of these employees.

Note 10 **APPROVAL OF FINANCIAL STATEMENTS**

The Board of Directors approved the financial statements of the AIOC.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
 EXPENSES – DETAILED BY OBJECT
 PERIOD FROM NOVEMBER 26, 2019 TO MARCH 31, 2020

Schedule 1

	2020	
	Budget	Actual
	<i>(in thousands)</i>	
Salaries, wages and employee benefits	\$ 1,250	\$ 141
Supplies and services	1,250	384
Grants	3,500	600
Total expenses ⁽¹⁾	\$ 6,000	\$ 1,125

(1) The Department of Indigenous Relations settled expenses incurred during the period on behalf of the AIOC.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
 SALARY AND BENEFITS DISCLOSURE
 PERIOD FROM NOVEMBER 26, 2019 TO MARCH 31, 2020

Schedule 2

	2020			
	<i>(in thousand's)</i>			
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾	
Board of Directors				
Chair ^(4 5)	\$ -	\$ 8	\$ -	\$ 8
Board Members ^(4 5)	-	22	-	22
Executive				
Acting Chief Executive Officer	67	-	15	82
Total	\$ 67	\$ 30	\$ 15	\$ 112

Other than honoraria referenced below, the Chair and Members of the Board receive no remuneration for participating on the Board.

- (1) Base salary includes regular salary.
- (2) Other cash benefits include honoraria payments. There were no bonuses paid in 2020.
- (3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP, health care, dental coverage, group life insurance, short and long term disability plans, conference fees and fair market value of parking.
- (4) The board was appointed by the Lieutenant Governor in Council by Order in Council on January 27, 2020.
- (5) Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.

ALBERTA INDIGENOUS OPPORTUNITIES CORPORATION
RELATED PARTY TRANSACTIONS
PERIOD FROM NOVEMBER 26, 2019 TO MARCH 31, 2020

Schedule 3

Related Parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the AIOC. There were no transactions between the AIOC and its key management personnel or close family members during the year.

The AIOC had the following transactions with related parties reported in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	2020	
	Entities in the Ministry	Other Entities
Revenues		
Grants from the Department of Indigenous Relations	\$ 2,000	\$ -
Expenses		
Other Services	-	\$ 32
	<u>\$ 2,000</u>	<u>\$ 32</u>
Receivable from		
Department of Indigenous Relations	\$ 2,000	-
Payable to		
Department of Indigenous Relations	\$ 1,093	\$ -
Energy Efficiency Alberta	-	32
	<u>\$ 1,093</u>	<u>\$ 32</u>