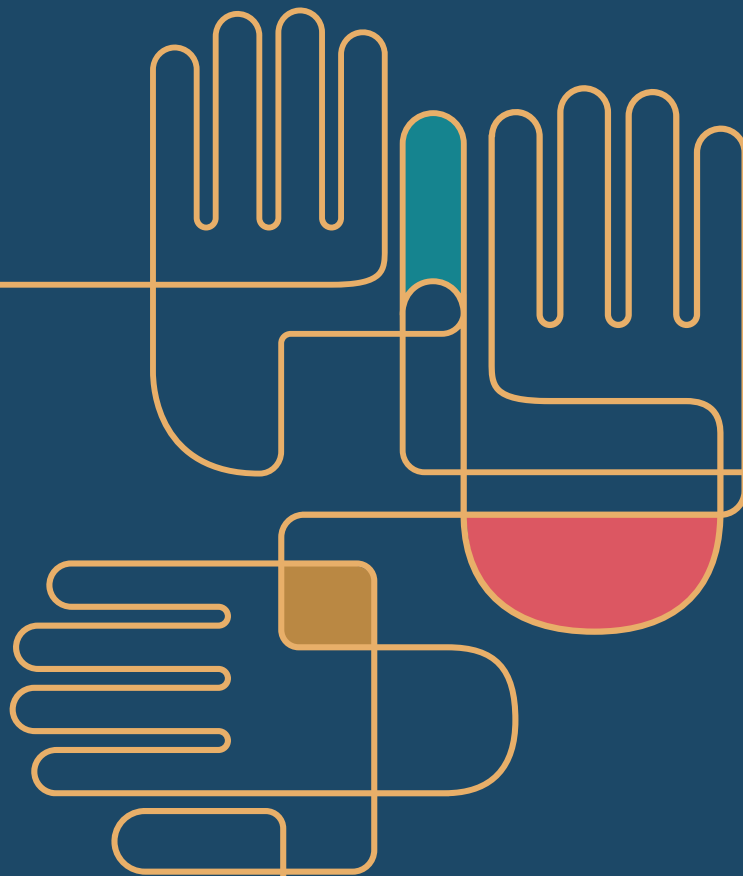
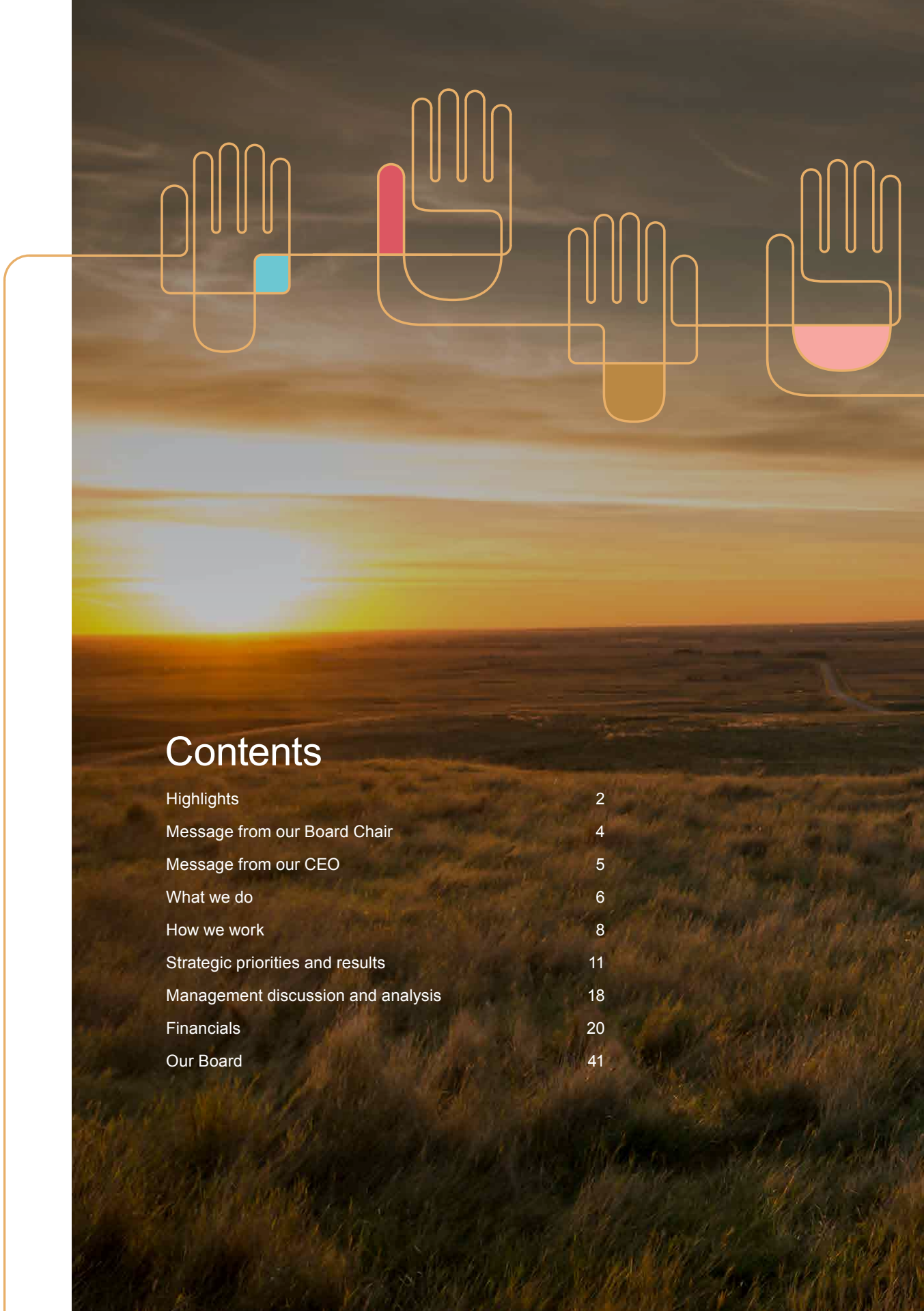


Purpose & Prosperity



Annual Report 2021-2022



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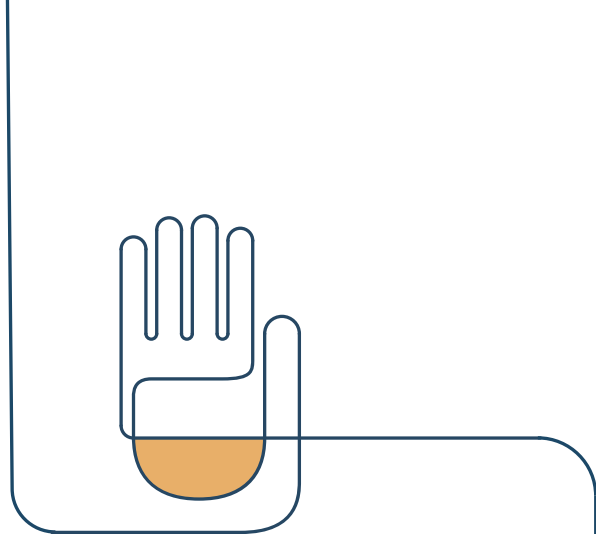


Seven Generations

The Principle of Seven Generations has its roots in ancient Indigenous philosophy. It asks that in our every deliberation, we think about the impact our decisions will have on the next seven generations.

This principle, though known by different names and communicated in many languages, is common among Indigenous Peoples across Turtle Island. It reminds us to engage in the proper stewardship of the land for its true owners, our descendants to come.

AIOC recognizes and respects this principle, guiding us in the pursuit of prosperity for the whole community, in its capacity to care for one another, our non-human relations, and for the lands that sustain us. These connections are carried from the past to the present and into the future – for seven generations.



Highlights

About Alberta Indigenous Opportunities Corporation (AIOC)

 A **first-of-its-kind** agency in Canada.

\$20 → \$250 M

Loan guarantees for Indigenous-led projects.

We foster meaningful relationships

Elder Gilman Cardinal, our board and team members have a rich understanding of Indigenous culture and knowledge.

Engagement with every Indigenous community in Alberta provides insight into the needs and priorities of each community. Engagement also extends to out-of-province Indigenous groups.

Engagement with a range of stakeholders, both provincial and national, including industry, other corporations and all levels of government.

Eligible projects in these sectors:

natural resources, agriculture, transportation, telecommunications and related infrastructure.

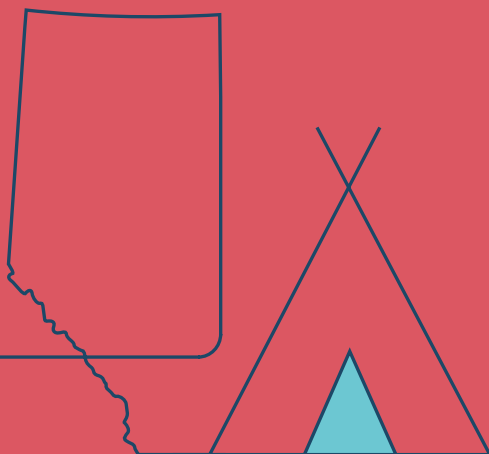


Indigenous investments lead to prosperity



Alberta's prosperity is linked to Indigenous prosperity.”

Elder Gilman Cardinal



\$65 million

in loan guarantees in 2021-2022; \$158 million since we launched in 2019.

- **Northern Courier Pipeline:** \$40 million loan guarantee (November 2021)
- **Lindbergh Cogeneration Facility:** \$25 million loan guarantee (April 2021)
- **Cascade Power Project:** \$93 million loan guarantee (August 2020)

15 First Nations and Métis Settlements involved in these projects.

\$1.2 million

in capacity grants approved in 2021-2022; \$1.9 million since 2019.

To discuss potential projects, apply or for more information visit: theaioc.com



Message from our Board Chair

In a province rich with natural resources, Indigenous people are not yet well represented in its prosperity. Part of the challenge has been accessing investment capital. AIOC addresses that challenge by expanding access to capital and building the capacity of Indigenous communities and groups to invest in major projects.

Importantly, this past year the AIOC mandate was expanded from a singular focus on natural resource projects to include projects related to agriculture, transportation, telecommunications and related infrastructure.




In a time when Alberta is simultaneously experiencing a resurgent economy and a pandemic, the AIOC Board continues to take a conservative approach to investments. This year we met with proponents of 44 separate opportunities and received 10 proposals for loan guarantees; of these, we have approved two and are actively engaged on five others. Specifically, AIOC approved a \$40 million loan guarantee to the Tahsiptiy Limited Partnership to purchase a 14.25 per cent stake in the Northern Courier Pipeline. AIOC also approved a \$25 million loan guarantee to Frog Lake First Nation for the Lindbergh Cogeneration Facility. These loan guarantees provide optimal returns for the First Nations investors, and increased prosperity will translate into social improvements for their communities and beyond. At the same time, AIOC remains a careful steward of public money.

On behalf of the entire board, I want to thank Elder Gilman Cardinal for his generous guidance and support of all that we do. I also want to acknowledge the support of our Minister, the Honourable Rick Wilson, and former Board Chair Cody Church for their contributions to the creation and current success of AIOC. We look forward to being of service in the year ahead.

Stephen Buffalo
Board Chair





Building meaningful relationships with the Indigenous community is integral to all we do.

Message from our CEO



In its *Final Report Summary*, the Truth and Reconciliation Commission noted, “Reconciliation between Aboriginal and non-Aboriginal Canadians, from an Aboriginal perspective, also requires reconciliation with the natural world.”

As Interim CEO, I am witnessing steps toward that – in the growing corporate consideration for ESG, environmental, social and governance criteria, and, as well, in the work of AIOC. The expertise of Indigenous communities in all these areas is becoming part of the fabric of the Alberta economy and is making it stronger. I am privileged to play a part, albeit small, in reconciliation for Indigenous People.

Building meaningful relationships with the Indigenous community is integral to all we do.

Since our inception two short years ago, we have engaged with every Indigenous community in Alberta through one-on-one meetings and information sessions. We have also engaged with industry and a range of stakeholders. Our engagement is paying off, creating a robust pipeline of potential opportunities to support Indigenous communities.

This fiscal year we approved two loan guarantees, one for the Northern Courier Pipeline and the other for the Lindbergh Cogeneration Facility. This is in addition to the Cascade Power Project approved last year. To date, 15 Indigenous groups have been involved in these investments. In addition, capacity grants have been awarded to 19 communities needing professional support to determine the viability of projects.

Going forward, we will continue to create opportunities for Indigenous people to share in Alberta’s prosperity.

In closing, I want to acknowledge our highly skilled AIOC team and dedicated Board of Directors. Without their commitment to our goals, there would be no AIOC.

Sandra Klashinsky
Interim Chief Executive Officer



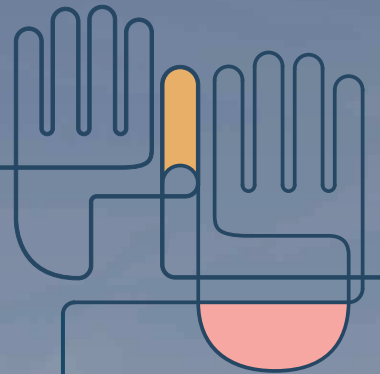
What we do

Partnering for prosperity

“

AIOC has already opened economic doors for Indigenous Peoples. I am excited about the opportunities to come, particularly for our young people who are our warriors, role models and future leaders.”

Elder Gilman Cardinal



With up to \$1 billion in loan guarantees available, AIOC enables access to capital for Indigenous-led investment in natural resources, agriculture, transportation and telecommunications projects, as well as related infrastructure. Loan guarantees unlock capital and make financing more affordable for Indigenous groups, creating economic prosperity and social improvements in communities – for the short term and for generations to come.

The range for a loan guarantee for qualified projects is a minimum of \$20 million to a maximum of \$250 million. Support is available for Indigenous-led projects throughout Canada if there is at least one Alberta-based Indigenous group as an investor and the project is a net benefit to the Province of Alberta.

AIOC also has capacity supports available to help Indigenous groups connect with investment experts to assess mid- to large-scale investments. From legal advice to detailed operational or financial due diligence, support is available.

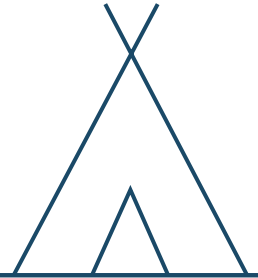
Over the past two years, AIOC has engaged with every Indigenous community in Alberta to develop and nurture relationships and explore opportunities for investment. Building these relationships is foundational to our work and where AIOC will continue to focus much of its attention and energy.





How we work

Strength in diversity



“

By working together,
AIOC and Indigenous
Peoples have created a
partnership for prosperity
that will benefit Alberta's
Indigenous communities.”

Elder Gilman Cardinal



AIOC culture

Diversity and inclusion are the foundation for Indigenous prosperity. As such, AIOC prioritizes a corporate culture that values inclusivity and diversity, and fosters unity.

AIOC is committed to employing and working with people and companies with a wide variety of backgrounds and worldviews. We strive to build trusting relationships with Indigenous groups, stakeholders, industry, and all levels of government. In our interactions, AIOC endeavours to ensure that every person, regardless of rank, heritage, or creed, is treated in a manner that reflects our values. Furthermore, every person has the standing and support to respectfully and honestly identify if one of our team is not exemplifying our values. This ensures a diverse and inclusive organization that is effective in working with Indigenous communities, building prosperity, and positively impacting Indigenous communities and our province.

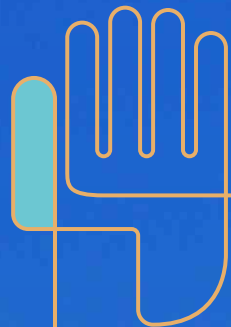
AIOC structure

Reporting to the Government of Alberta through the Minister of Indigenous Relations, AIOC is led by a seven member board including Chair Stephen Buffalo, Vice Chair Gary Bosgoed and Ex-officio Member Donavon Young.¹ The corporation employs strong leadership through the interim CEO and a team of dedicated engagement and investment professionals. We are very proud of a leadership team that is both Indigenous and gender balanced and has an unwavering commitment to building a culture of inclusivity.

How we manage corporate risk

In January 2022, the AIOC Board approved a comprehensive Enterprise Risk Management (ERM) Framework that directs the organization's day-to-day operations. It ensures AIOC staff and board are well informed to identify, mitigate, manage, and when necessary, report risks. The ERM also identifies regular reporting and review processes. Specifically, any risk-related occurrences must be reported to the Audit and Risk Committee and the board quarterly. AIOC's ERM Framework will be formally reviewed by the board on an annual basis, at minimum.

¹ Three additional members have been added to the board as of May 2022. They are: Jim Boucher, Chairman and President of the Saa Dene Group of Companies, former Chief of Fort McKay First Nation and Chairman of Fort McKay Group of Companies; Ruby Littlechild, National Director of Indigenous Relations, SNC-Lavalin; and Vitaliy Milentyev, Portfolio Manager, Cornerstone Fiduciary Wealth Management.



Strategic priorities and results

Prosperity and purpose lead to thriving communities

Vision

Indigenous Peoples are important drivers of and key partners in Alberta's thriving economy.

Purpose

In 2021-2022, AIOC's mandate expanded to include investments beyond natural resources. AIOC's renewed purpose is to drive Indigenous prosperity and independence through investment and active participation in Alberta's natural resource, agriculture, transportation and telecommunications sectors.

Performance management

AIOC has three strategies that are pivotal to its success: providing loan guarantees, capacity grants and engaging with Indigenous communities and stakeholders.





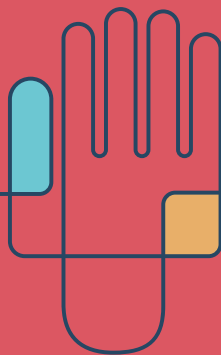
Strategy one: Loan guarantees

AIOC provides loan guarantees to Indigenous communities to secure competitive commercial financing in mid- to large-scale investments in natural resources, agriculture, telecommunication, transportation and related infrastructure. The loan guarantees support these communities in their goal to become meaningful partners in Alberta's economy. In this fiscal year, AIOC provided \$65 million in loan guarantees: \$40 million to the Northern Courier Pipeline and \$25 million to the Lindbergh Cogeneration Facility.²

Northern Courier Pipeline

AIOC provided a loan guarantee of \$40 million to the Tahsiپی Limited Partnership.

AIOC also provided Tahsiپی a capacity grant for the costs of independent financial advisory services, insurance review and legal counsel. With this guarantee and grant, together with Suncor Energy, Tahsiپی acquired a 15 per cent stake in the Northern Courier Pipeline System.



The partnership includes eight Indigenous communities:

- Athabasca Chipewyan First Nation
- Chipewyan Prairie First Nation
- Conklin Métis Local #193
- Fort Chipewyan Métis Local #125
- Fort McKay Métis Nation
- McMurray Métis
- Fort McMurray #468 First Nation
- Willow Lake Métis Nation



² The Lindbergh Cogeneration Facility straddles two fiscal years. Project approval was granted in 2020-2021 and the transaction closed in 2021-2022.



“

There has been a lot of talk about reconciliation. But Suncor is walking the talk. This is an investment in a better Canada. And the benefits of this partnership model are sustainable long-term revenue for our community’s housing, social services and education. This is further recognition of the Fort McKay Métis Nation’s s.35 rights within our traditional territory.”

Ron Quintal, President, Fort McKay Métis Nation

Physical assets of the partnership

The Northern Courier Pipeline consists of a steel pipeline 90 kilometres long and 610 millimetres in diameter. It transports heated or diluted bitumen from the Fort Hills mine to Suncor’s East Tank Farm 27 kilometres north of Fort McMurray, Alberta. The assets also include a tank farm, bitumen pump station and diluents pump station.

Benefits of the partnership

The partnership enables direct ownership of infrastructure by Indigenous communities within their traditional territories. The Northern Courier Pipeline’s take-or-pay contracts are forecast to generate cash flow to Tahsiyiy of approximately \$16 million annually over decades, regardless of the price of crude.

The partnership also enables long-term management and business relationships between Indigenous communities, Suncor and other stakeholders of the Fort Hills mine.



Strategy two: Capacity building

AIOC offers discretionary funds to assist Indigenous communities in accessing professional support on major project opportunities. This support includes, but is not limited to, practical legal, financial and economic advice as they strive to become long-term strategic partners with industry and the Government of Alberta.

Building capacity; building communities

The challenges facing Indigenous communities in developing projects and related infrastructure are not limited to accessing capital. Capacity to develop or invest in projects varies widely. To help Indigenous communities determine the feasibility of a project, communities can apply for a capacity grant. They can then hire third party expertise to:

- evaluate the feasibility of a project
- obtain legal and financial advice
- develop their governance and planning capabilities
- increase internal management capacity

In 2021, 13 Indigenous communities received capacity grants in support of five projects for an approved total of \$1.2 million. The communities used the grants to evaluate opportunities in commodities handling, clean and renewable power, and petrochemicals.

While most projects involve an industry partner, occasionally AIOC provides capacity grants to communities without one. For instance, AIOC provided Neyaskweyahk Group of Companies Inc., Ermineskin Cree Nation's ("ECN's") wholly owned economic development group, capacity grant funding to support the advancement of the Neyaskweyahk Energy Project, a proposed solar power generation facility to be built on ECN's reserve land. Should this project proceed, it will support the goals of the ECN to diversify its economy, leverage resources, and create long-term economic and training opportunities for the community.

“

Indigenous communities are interested in taking their ideas to the next level, and AIOC is helping to make that happen.”

Gary Bosgoed, Board Vice Chair





Strategy three: Engagement and pathfinding

AIOC, as a pathfinder, influences the economic ecosystem, fosters partnerships with shared value, and marshals the project opportunities pipeline. In doing this, the corporation establishes and maintains communications and outreach with Indigenous communities, including their elected leaders, Elders, business leaders and members, as well as Indigenous organizations and industry players. The avenues include forums, panels and sponsorships.

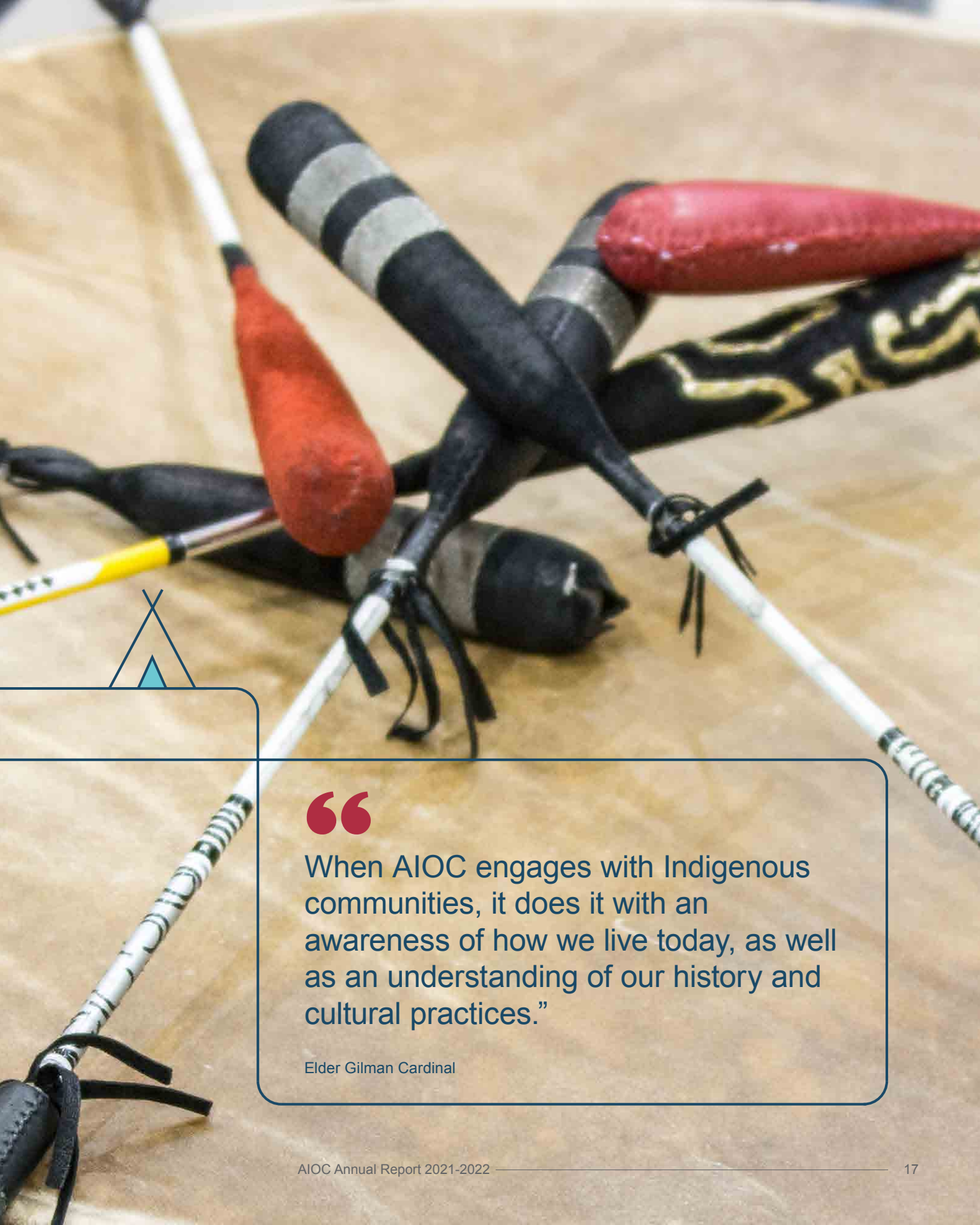
Engagement generates results

Building meaningful, ongoing relationships with First Nations and Métis locals and Settlements is the foundation for all AIOC's work. In 2021, AIOC met with 41 of the 59 Indigenous communities in Alberta, 18 of them for the first time. When COVID-19 limited opportunities for in-person meetings, online presentations were offered. These engagements increased understanding of each community's unique objectives and priorities, while generating a greater awareness of AIOC and the potential for Indigenous investment.

AIOC received 12 capacity grant applications following outreach activities, of which six were approved and five were awarded (one of the six is currently being finalized). The five awarded capacity grants support 13 total Indigenous communities.

AIOC also presented to or met with 40 industry stakeholders, 18 communities-of-interest, two media outlets and two out-of-province Indigenous organizations.

A key activity for the organization in 2021-2022 has been planning AIOC's first annual forum to be held in Calgary in May of 2022. The *Igniting Prosperity Partnership Forum* will bring together leaders from both Indigenous communities and industry. It will focus on building relationships for shared learning and networking opportunities.



“

When AIOC engages with Indigenous communities, it does it with an awareness of how we live today, as well as an understanding of our history and cultural practices.”

Elder Gilman Cardinal



Management discussion and analysis

Context for our work

After a historic estimated contraction of 8.2 per cent in 2020, Alberta's real gross domestic product (GDP) rebounded in 2021 to levels six per cent higher. The latest estimates forecast a moderate improvement of 4.3 per cent in 2022.

These estimates are supported by the Alberta Activity Index, a measure of provincial economic activity which rose significantly through 2021. The steady reopening of the Alberta economy in 2021 was supported by considerable progress on COVID-19 vaccinations, along with declines in infections and hospitalizations. This sets the stage for a cautious broader recovery in the year ahead.

Regarding Alberta's energy sector, there is emerging strength. A rebound in price and production has boosted cash flows and strengthened financial positions among producers. After plunging an estimated 37 per cent in 2020, oil and gas investment grew by more than 20 per cent to reach nearly \$20 billion in 2021. This improvement is expected to continue in 2022, supporting a broader investment climate.

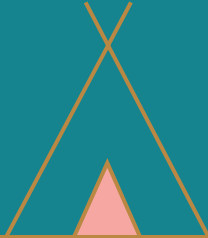
Investment outside of oil and gas also experienced a solid recovery in the past year. Industrial investment is getting a lift from expansions in petrochemical manufacturing, transportation, renewable energy and agricultural infrastructure. Non-energy investment is forecast to grow at about five per cent per year in 2021 and 2022.

AIOC outlook

AIOC continues to build a strong market presence and attract promising opportunities involving Indigenous investment across the province.

AIOC does this by engaging with Alberta's Indigenous groups and industry players and acting as a catalyst for success within the economic ecosystem as evidenced by AIOC's support for the Tahsiptiy partnership of eight northern Alberta Indigenous communities and Suncor. Increasingly, industry is acknowledging the importance of the Indigenous contribution to enhanced and purposeful environmental, social and governance (ESG) factors when making investments. The value of investment funds that incorporate these factors has been growing rapidly and is expected to increase over the short- to medium-term.

In its initial two years of operation, AIOC has been approached by over 130 project proponents. Most of the opportunities presented were midstream energy or renewable power projects, followed by hydrocarbon power generation and upstream oil and gas opportunities. To determine which projects are likely to provide stable returns for Indigenous communities, and to adjudicate potential investment opportunities, AIOC has established a comprehensive evaluation process. With a very conservative risk threshold, less than 20 per cent of projects qualified for review, and only three have been approved by the board for loan guarantees thus far. AIOC's low risk tolerance has been rewarded, and while it remains very early, there have been no loan losses or indications of loan impairment to date.



Significant outreach and engagement with both Indigenous groups and industry players have proven key to cultivating a strong portfolio of projects that meet AIOC's risk evaluation process.

Accordingly, AIOC has actively communicated with every Indigenous community in Alberta, inviting them to engage in one-on-one meetings and AIOC-hosted information sessions. As well, AIOC is planning an *Igniting Prosperity Partnership Forum* to cultivate relationships among Indigenous groups and communities, industry and stakeholders. This event, along with the ongoing work of AIOC, will continue to create opportunities for Indigenous communities in Alberta and across Canada to develop active partnerships, driving prosperity and wellness for their community members.

Connection to government and ministry business plans

AIOC's purpose supports objective six of the Government of Alberta's 2021-2024 Strategic Plan: Partnering with Indigenous Peoples to pursue opportunities by removing "barriers to new revenue streams that can help Indigenous leaders develop the social and economic programs their communities need."

AIOC also supports the Government of Alberta's goal of reducing inefficiencies and red tape to encourage investment, boost competitiveness and get more Albertans back to work. AIOC does this by increasing the government's responsiveness to Indigenous interest in investing in mid- to large-scale projects.

AIOC's work also supports the Ministry of Indigenous Relations Outcome One: "Indigenous Peoples benefit from security and prosperity in their communities and when Alberta maintains its legal duty to consult." In 2021-22, \$8.5 million was allocated to AIOC to support Indigenous groups seeking to make mid- to large-scale investments in natural resource projects that benefit the Alberta economy.



Financial Statements

March 31, 2022

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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]

Sandra Klashinsky
Interim Chief Executive Officer

[Original Signed by]

Terra Klassen
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, 2022, and the statements of operations, change in net financial assets, and cash flows for the year 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, 2022, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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

May 31, 2022
Edmonton, Alberta

Statement of Operations

Year Ended March 31, 2022

(in thousands)

	2022		2021
	Budget (Note4)	Actual	Actual
Revenues			
Government of Alberta grants (Note 4)	\$ 6,000	\$ 2,750	\$ 6,000
Other revenue	2,475	1,026	753
	8,475	3,776	6,753
Expenses (Note 2(b) Schedule 1)			
Operating costs	4,300	3,083	2,447
Indigenous opportunities initiatives	4,175	1,290	118
	8,475	4,373	2,565
Annual operating (deficit) surplus	–	(597)	4,188
Accumulated surplus at beginning of year	–	5,063	875
Accumulated surplus at end of year	\$ –	\$ 4,466	\$ 5,063

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

Statement of Financial Position

As At March 31, 2022

(in thousands)

	2022	2021
Financial assets		
Cash	\$ 5,460	\$ 4,941
Due from Government of Alberta (Note 6)	650	1,500
Other receivables	7	–
	\$ 6,441	\$ 6,441
Liabilities		
Due to Government of Alberta (Note 6)	\$ –	\$ 69
Accounts payable and other accrued liabilities (Note 7)	242	290
Unearned revenue (Note 7)	1,486	1,168
	\$ 1,728	\$ 1,527
Net financial assets	4,389	4,914
Non-financial assets		
Tangible capital assets (Note 12)	70	142
Prepays	7	7
	\$ 77	\$ 149
Net assets	\$ 4,466	\$ 5,063
Net assets		
Accumulated surplus (Note 13)	4,466	5,063
	\$ 4,466	\$ 5,063
Contractual rights (Note 5)		
Contingent liabilities (Note 9)		
Contractual obligations (Note 10)		

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

Approved by

[Original Signed by]

Chair – Board of Directors
Stephen Buffalo

Approved by

[Original Signed by]

Chair – Audit and Risk Committee
Aroon Sequeira

Statement of Change in Net Financial Assets

Year Ended March 31, 2022

(in thousands)

	2022		2021
	Budget	Actual	
Annual (deficit) surplus	\$ -	\$ (597)	\$ 4,188
(Acquisition) of tangible capital assets (Note 12)	24	(8)	(150)
Adjustment of tangible assets (Note 12)		60	-
Amortization of tangible capital assets (Note 12)	42	20	8
(Increase) in prepaids	-	-	(7)
Increase (decrease) in net financial assets	66	(525)	4,039
Net financial assets at beginning of year	-	4,914	875
Net financial assets at end of year	\$ 66	\$ 4,389	\$ 4,914

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

Statement of Cash Flows

Year Ended March 31, 2022

(in thousands)

	2022	2021
Operating transactions		
Annual (deficit) surplus	\$ (597)	\$ 4,188
Non-cash items included in annual surplus		
Amortization of tangible capital assets (Note 12)	20	8
Adjustment of tangible assets (Note 12)	60	–
	(517)	4,196
(Increase) in prepaids	–	(7)
(Increase) in other receivables	(7)	–
Decrease in due from Government of Alberta	850	500
Increase in accounts payable and accrued liabilities	270	1,458
Decrease in due to Government of Alberta (Note 6)	(69)	(1,056)
Cash provided by operating transactions	\$ 527	\$ 5,091
Capital transactions		
Acquisition of capital assets (Note 12)	(8)	\$ (150)
Cash (applied to) capital transactions	\$ (8)	\$ (150)
Increase in cash	519	4941
Cash at beginning of year	4,941	–
Cash at end of year	\$ 5,460	\$ 4,941

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

Notes to the Financial Statements

March 31, 2022

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 AIOC is to facilitate investment by indigenous groups. This year AIOC's mandate was expanded from a singular focus on natural resource projects to include projects related to agriculture, transportation, telecommunications, and related infrastructure.

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 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 the results of the Ministry's operations.

(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 or performance obligations have not been fulfilled by year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Loan Guarantees

AIOC charges a set-up fee in connection with the issuance of loan guarantees. The set-up fee covers all the costs of providing the proponent transaction advisory services and a defined term loan guarantee. The set-up fee related to transaction advisory services is recognized as revenue on issuance of the loan guarantee while the set-up fee related to the defined term loan guarantee is recognized over the term of the loan guarantee. AIOC has estimated that transaction advisory services represent 25% of set-up fees while loan guarantee services represent 75% of set-up fees.

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 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, 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 AIOC meets the eligibility criteria (if any).

Notes to the Financial Statements

March 31, 2022

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

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

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

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 in the normal course of operations.

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

Cash

Cash is comprised of cash on hand and demand deposits.

Accounts receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain. A potential loan loss recoverable is recorded as an accounts receivable when it is determined that a loan loss has occurred and there is reasonable assurance that the amount can be recovered.

Notes to the Financial Statements

March 31, 2022

Note 2 Summary Of Significant Accounting Policies And Reporting Practices (Cont'd)

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

Liabilities

Liabilities are present obligations of 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.

Loan guarantee loss provisions

A liability and expense for the provision for losses on loan guarantees is recognized when it is determined that a loss is likely.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets include tangible capital assets and prepaid expenses.

Tangible capital assets

Tangible capital assets of AIOC are recorded at actual cost and amortized on a straight-line basis over their estimated useful lives. Any purchase of more \$5,000 or more that falls within the definition of capital assets will be recorded as a capital asset.

New systems development costs for management information systems are treated as capital assets when anticipated direct development costs exceed \$250,000.

Major Enhancements to existing management information systems are to be capitalized only when enhancement costs exceed \$100,000.00

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

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 Years
Leasehold improvements	4 Years
Computer hardware and software	3 Years

Notes to the Financial Statements

March 31, 2022

Note 3 Future Accounting Changes

During the fiscal year 2022-23, AIOC will adopt the following new accounting standard of the Public Sector Accounting Board:

- PS 3280 Asset Retirement Obligations**
 This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. AIOC plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

- PS 3400 Revenue**
 This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.
- PS 3160 Public Private Partnerships**
 This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

AIOC has not yet adopted these two accounting standards. Management is currently assessing the impact of these standards on the financial statements.

Note 4 Budget

The \$6 million budget was included in the 2021-22 Government Estimates under the Ministry of Indigenous Relations. The Corporation's funding for the year ended March 31, 2022 was subsequently reduced to \$2.75 million.

Note 5 Contractual Rights

(in thousands)

Contractual rights are rights of AIOC to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	2022	2021 (restated)
Contractual rights from loan guarantee contract	4,060	2,803
	\$ 4,060	\$ 2,803

Notes to the Financial Statements

March 31, 2022

Note 5 Contractual Rights (Cont'd)

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

Contracts	
2022-23	\$ 494
2023-24	461
2024-25	449
2025-26	436
2026-27	427
Thereafter	1,794
	\$ 4,060

Prior year contractual rights note disclosure was incorrect and has been restated.

Note 6 Due From/To Government of Alberta (in thousands)

	2022		2021
Due from the Department of Indigenous Relations	\$ 650	\$	1,500
Due to the Department of Indigenous Relations	-	\$	69

Amounts due from the Department of Indigenous Relations are in respect of the fourth quarter grant of \$650 recognized as revenue but not received. The prior year amount due of \$69 to the Department of Indigenous Relations is in respect of expenses charged by the Department to AIOC and was settled in current fiscal year.

Note 7 Accounts Payable and Other Accrued Liabilities (in thousands)

	2022		2021
Accounts payable	\$ 124	\$	56
Other accrued liabilities	118		234
	242		290
Unearned Revenue	1,486		1,168
	\$ 1,728	\$	1,458

Unearned revenue includes the unrecognized portion of fees received related to loan guarantees that will be recognized over the terms of the loan guarantees. During the year ended March 31, 2022, AIOC received fees related to the issuance and administration of loan guarantees totaling \$1,466 (2021: \$1,758)

Notes to the Financial Statements

March 31, 2022

Note 8 Financial Risk Management

AIOC has the following financial instruments: accounts receivable, accounts payable and accrued liabilities.

AIOC has exposure to the following risks:

(a) Liquidity Risk

Liquidity risk is the risk that AIOC will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of AIOC are met through guaranteed grant funding from the Department of Indigenous Relations. This source of cash is used to pay operating expenses.

(b) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with AIOC. The credit quality of financial assets is generally assessed by reference to external credit ratings. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies usually leading to a fall in the fair value of the counterparty's obligations. Credit risk exposure for financial instruments is measured by the positive fair value of the contractual obligations with counterparties. The fair value of all investments is directly or indirectly impacted by credit risk to some degree. The majority of AIOC's investments in loan guarantees are with counterparties considered to be investment grade.

Note 9 Contingent Liabilities

At March 31, 2022, AIOC was not named as defendant in any specific legal actions and there are no other known contingent liabilities.

Pursuant to an agreement dated August 27, 2020, AIOC provided a loan guarantee of \$93 million ("Cascade Loan Guarantee") in favour of ATB Financial as Agent and other Secured Creditors ("Creditor Group") to enable a consortium of six Alberta First Nations ("First Nations Group") to participate in the Cascade Power Project ("Cascade"). In the event that there is a breach of loan conditions between the Creditor Group and the First Nations Group, and that breach remains uncured, the Creditor Group has a right against AIOC to call on the Cascade Loan Guarantee up to a maximum value of \$93 million to offset any losses incurred by the Creditor Group with respect to amounts loaned by the Creditor Group to the First Nations Group in respect of Cascade. As AIOC is a Crown agent, AIOC's obligations under the Cascade Loan Guarantee are effectively underwritten by the Government of Alberta. As of the date of these financial statements, there have been no known breaches that could lead to a call on the Cascade Loan Guarantee.

Pursuant to an agreement dated April 1, 2021, AIOC provided a loan guarantee of \$25 million ("Lindbergh Loan Guarantee") in favour of Canadian Imperial Bank of Commerce as Agent and other Secured Creditors ("Creditor Group") to enable Frog Lake Midstream LP to retain ownership of certain infrastructure-related assets to the Lindbergh oil sands project. In the event that there is a breach of the loan and security documents between the Creditor Group and Frog Lake Midstream LP, and that breach remains uncured, the Creditor Group has a right against AIOC to call on the Lindbergh Loan Guarantee up to a maximum value of

Notes to the Financial Statements

March 31, 2022

Note 9 Contingent Liabilities (Cont'd)

\$25 million to offset any losses incurred by the Creditor Group with respect to the obligations of Frog Lake Midstream LP to the Creditor Group in respect of Lindbergh. As AIOC is a Crown agent, AIOC's obligations under the Lindbergh Loan Guarantee are effectively underwritten by the Government of Alberta. As of the date of these financial statements, there have been no known breaches that could lead to a call on the Lindbergh Loan Guarantee.

Pursuant to an agreement dated November 30, 2021, AIOC provided a loan guarantee of \$40 million ("Northern Courier Pipeline Limited Partnership Loan Guarantee") in favour of ATB Financial as Agent and other Secured Creditors ("Creditor Group") to enable Tahsiپی LP, a consortium of 8 Indigenous Communities, to purchase an interest in the Northern Courier Pipeline Limited Partnership ("NCP"). In the event that there is a breach of the loan and security documents between the Creditor Group and Tahsiپی LP, and that breach remains uncured, the Creditor Group has a right against AIOC to call on the NCP Loan Guarantee up to a maximum value of \$40 million to offset any losses incurred by the Creditor Group with respect to the obligations of Tahsiپی LP to the Creditor Group in respect of NCP. As AIOC is a Crown agent, AIOC's obligations under the NCP Loan Guarantee are effectively underwritten by the Government of Alberta. As of the date of these financial statements, there have been no known breaches that could lead to a call on the NCP Loan Guarantee.

Note 10 Contractual Obligations

(in thousands)

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.

	2022	2021
Obligations under operating leases contracts and programs	\$ 503	\$ 573

Estimated payment requirements for each of the next five years and thereafter are as follows:

Operating leases, contracts, and programs	
2022-23	\$ 273
2023-24	127
2024-25	79
2025-26	25
2026-27	—
Thereafter	—
	\$ 503

Notes to the Financial Statements

March 31, 2022

Note 11 Benefit Plan

(in thousands)

AIOC provides benefits whereby it makes available contributions for Registered Retirement Savings Plans (RRSP) on behalf of employees of 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 \$175 (2021- \$86) included in these financial statements represents the current contributions made on behalf of these employees.

Note 12 Tangible Capital Assets

(in thousands)

	Furniture & Equipment	Computer Hardware & Software	Leaseholds Improvements	2022 Total	2021 Total
Estimated Useful Life	5 years	3 years	4 Years		
Historical cost					
Beginning of year	\$ 55	\$ 77	\$ 19	\$ 150	–
Additions	–	8	–	8	150
Adjustments *	–	(54)	(6)	(60)	–
	55	31	13	98	150
Accumulated amortization					
Beginning of year	1	6	1	8	–
Amortization expense	11	6	3	20	8
	12	12	4	28	8
Net Book Value at March 31, 2021	\$ 43	\$ 19	\$ 9	\$ 70	
Net Book Value at March 31, 2020	\$ 54	\$ 71	\$ 18		\$ 142

*Some capital assets were expensed as the individual assets did not meet the threshold when applied to the asset on an individual basis as per AIOC's capital asset policy.

Notes to the Financial Statements

March 31, 2022

Note 13 Accumulated (Deficit) Surplus
(in thousands)

	Unrestricted surplus	2022 total	2021 total
Balance at beginning of year	\$ 5,063	\$ 5,063	875
Annual (deficit) surplus	(597)	(597)	4,188
Balance at end of year	\$ 4,466	\$ 4,466	\$ 5,063

Note 14 Comparative Figures

Certain prior period figures have been reclassified, where necessary, to conform to the current year presentation.

Note 15 Approval of Financial Statements

The Board of Directors approved the financial statements of AIOC.

Expenses – Detailed By Object

	2022		2021
	Budget	Actual	Actual
Salaries, wages and employee benefits	\$ 2,321	\$ 2,084	\$ 1,010
Supplies and services	2,634	\$ 1,057	1,429
Grants	3,500	\$ 1,213	118
Amortization of tangible capital assets (Note 12)	20	\$ 20	8
Total expenses	\$ 8,475	\$ 4,373	\$ 2,565

Salary And Benefits Disclosure

(in thousands)

	2022				2021
	Base salary ⁽¹⁾	Other cash benefits ⁽²⁾	Other non-cash benefits ⁽³⁾	Total	Total
Board of Directors					
Chair ^(4 5)	\$ –	\$ 28	\$ 4	\$ 32	\$ 31
Board Members ^(4 5)	–	62	7	69	73
Executive					
Chief Executive Officer ⁽⁶⁾	145	132	62	339	188
Acting Chief Executive Officer ⁽⁷⁾	111	12	20	143	129
Chief Operating Officer ⁽⁸⁾	132	–	45	177	128
Chief Investment Officer ⁽⁹⁾	245	–	77	322	146
Vice-president Engagement ⁽¹⁰⁾	200	–	66	266	30
Total	\$ 833	\$ 234	\$ 270	\$ 1,348	\$ 725

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

- (1) Base salary includes regular salary.
- (2) Other cash benefits include vacation payouts, bonuses, honoraria, severance, and other lump sum payments. There were no bonuses paid in 2022.
- (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, car allowance, training fees, conference fees and fair market value of parking.
- (4) The position was occupied by two individuals at different times during the year. (Position change occurred November 2021). The board was reappointed by the Lieutenant Governor in Council by Order in Council on November 24, 2021.
- (5) Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.
- (6) One individual occupied the role until October 31, 2021.
- (7) The position was occupied by two individuals at different times during the year.
- (8) Vacant position as of January 2022.
- (9) Position filled on October 6, 2020.
- (10) Position filled on February 15, 2021.

Related Party Transactions

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 AIOC. There were no transactions between AIOC and its key management personnel or close family members during the year.

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.

(in thousands)

	2022		2021	
	Entities in the Ministry	Other Entities	Entities in the Ministry	Other Entities
Revenues				
Grants from the Department of Indigenous Relations	\$ 2,750	–	\$ 6,000	–
	\$ 2,750	–	\$ 6,000	–
Expenses				
Other Services	–		180	114
	\$ –	\$ –	\$ 180	\$ 114
Receivable from				
Department of Indigenous Relations	650	–	1,500	–
	\$ 650	\$ –	\$ 1,500	\$ –
Payable to				
Department of Indigenous Relations	–	–	69	–
	\$ –	\$ –	\$ 69	\$ –



Our Board

Stephen Buffalo, Board Chair

Stephen Buffalo is a member of the Samson Cree First Nation. He is President and CEO of the Indian Resource Council of Canada.

Gary Bosgoed, Vice Chair and Governance Committee Chair

Gary Bosgoed is a member of the Peepeekisis First Nation. He is President and CEO of Bosgoed Project Consultants.

Peter Williams, Investment Committee Chair

Peter Williams is CEO and Managing Partner of Annapolis Capital, a private and public equity firm he co-founded in 2006.

Aron Sequeira, Audit and Risk Committee Chair

Aron Sequeira is the founder of Sequeira Partners, one of Western Canada's leading corporate finance advisory firms.

Strater Crowfoot

Strater Crowfoot is the CEO and Executive Director of Indian Oil and Gas Canada. He is a former Head Chief of Siksika First Nation.

Gilman Cardinal, Board Elder Advisor

Elder Gilman Cardinal is a full status Bigstone Cree Treaty 8 Nation member. He was employed with the Alberta government for 40 years and now follows his eldership path by providing ceremonies and teachings to various groups and individuals.

Chana Martineau

Chana Martineau is a leader in the indigenous community and a Vice President with Canadian Western Bank.

Donavon Young, Ex-officio Member

Donavon Young is the Deputy Minister of Alberta Indigenous Relations and brings over 35 years of extensive experience working with Indigenous Peoples.

Further information on our board members³ can be found here: theaioc.com/about/board

³ Three new members have been added to the board as of May 2022. They are: Jim Boucher, Chairman and President of the Saa Dene Group of Companies, former Chief of Fort McKay First Nation and Chairman of Fort McKay Group of Companies; Ruby Littlechild, National Director of Indigenous Relations, SNC-Lavalin; and Vitaliy Milentyev, Portfolio Manager, Cornerstone Fiduciary Wealth Management.



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