

**ANNUAL REPORT
2019/20**

Blood Tribe Agri-Business Trust

and

**709204 Alberta Ltd.
(blood tribe forage processing plant)**

September, 2020

A. Blood Tribe Agri-business Trust

On April 1, 2019, the shares of the Blood Tribe Agricultural Project (BTAP) and the shares/units of the AOHKII Limited Partnership were settled into the Agri-business Trust. 1991

1. BTAP Activities 2019/20

- BTAP holds the Headlease for the BTAP lands.
- As at April 1, 2020 the following additional lands were included in the Headlease;
 - 6,666.5 dryland acres in the West End Big Lease; and
 - 4,062.3 acres, otherwise known as Mataki Farms - 1,742.2 dryland and 2,320 irrigated;
 - Total Headlease rent paid to Tribe in 2018/19 = \$1,481,084; and
 - Total Headlease rent paid to Tribe in 2020/21 = \$2,188,516.

2. AOHKII Limited Partnership Activities 2019/20

- BTAP subleases the BTAP lands to AOHKII (Property Manager).
- As at April 1, 2020, the WEBL and Mataki Farm lands were included in the Sublease.
- AOHKII further sublets all of the production acres to Kainai Forage LP. It also sublets to KFLP those lands necessary for the operation of a forage production/storage facility and access thereto.
- Rehabilitation Investments:
 - Dam gate actuators replaced;
 - Canal - vegetation control program, new rip-rap, canal road upgrades, fencing;
 - New screen cleaners; and
 - Lateral H pivots (3 phases completed).

➤ **Expansion Activities:**

➤ AOHKII will add 3,000 plus acres of new irrigation in WEBL area;

➤ Business plan completed;

➤ Design work completed;

➤ ISC provided \$136,000 for business plan/design work;

➤ Cost: \$6.5 million;

➤ Funding:

Equity	\$1,800,000
Loan	2,100,000
ISC Contribution	<u>2,600,000</u>
	\$6,500,000

3. AOHKII Finances 2019/20

a) Balance Sheet

	March 31/19	March 31/20	Change
Working Capital	\$903,676	\$2,683,296	\$1,779,620
Other Assets	4,583,889	7,146,124	2,562,235
Long-Term Debt	1,359,418	628,818	730,600
Equity	\$4,128,147	\$9,200,602	\$5,072,455

b) Income Statement

	2018/19	2019/20
Revenue	\$6,849,949	\$7,265,084
Expenses	4,398,954	4,968,449
Income Operations	\$2,450,995	\$2,296,635
Other Revenue	1,324,666	(31,233)
Net Income	\$3,775,661	\$2,265,402
Investment write down (KF)		\$1,077,023

4. Benefits to Tribe (Beneficiary)

- Trust is stable, profitable and expanding.
- Rent to Tribe has increased from \$717,000 (2017/18) to \$1,481,084 in 2018/20 and will further increase to \$2,188,516 in 2020/21.
- Debts owed to Tribal entities reduced to \$628,818 as at March 31, 2020 and will be fully repaid in 2020/21.
- Trust paid dividend of \$310,000 to Tribe in 2018/20 - cumulative total now \$505,000.
- 20 Tribal members employed.

5. 2020/21 Action Plan

- Continue vegetation control program on canal and road network.
- Rehab work on canal and drop structures.
- Finish SCADA system upgrade (completed).
- Road upgrades.
- Pivot Rehab (Phases C, D, E and F and Matakai Farms).
- Pumphouse/Intake upgrades at Matakai.
- Fence upgrades.
- Complete irrigation expansion - electrical supply, pump structure, distribution and 21 centre pivots for 2021 crop season.

B. 709204 Alberta Ltd. (Blood Tribe Forage Processing Plant)

Shares of 709204 Alberta Ltd. were not settled to the trust as the assets of the company were invested into the Kanai Forage Partnership as of April, 2019 with the intent to wind up the company.

1. Activities 2019/20

- Assets transferred to Kainai Forage on April 1, 2019.
- Transition year - cleaning up balance of 709204 inventory, receivables, payments, etc.

2. 709204 Alberta Finances 2019/20

a) Balance Sheet

	March 31/19	March 31/20
Cash	\$1,427,071	\$2,480,353
Accts Rec	830,825	-
Inventory	837,096	-
Current Assets	\$3,094,992	\$2,480,353
Other Assets	7,805,705	-
Total Assets	\$10,900,677	\$2,480,353
Liabilities		
Current	560,937	-
Long Term	3,459,355	-
Equity	\$6,880,405	\$2,480,353

Note: 709204 Alberta Ltd. contributed \$3,550,380 of assets to Kainai Forage (\$6,880,405 - 3,550,300 = \$2,480,353).

b) Income Statement

	2019	2020
Revenue	\$5,455,771	\$584,405
Cost of Sales	2,721,749	326,781
Cross Morgan	\$2,734,022	\$257,624
Expenses	\$2,518,268	\$139,839
Operating Profit	\$215,754	\$117,785
Other Income	985,612	(323,762)
Net Income	\$1,201,366	(\$205,977)

3. 2020/21 Activities

- Transfer the balance of the cash (\$2,480,353) to AOHKII LP and wind up the company.