

Louis Bull Tribe
Consolidated Financial Statements
March 31, 2020

Louis Bull Tribe**Consolidated Financial Statements**

March 31, 2020

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Louis Bull Tribe

Management's Responsibility for Financial Reporting

March 31, 2020

The accompanying consolidated financial statements of Louis Bull Tribe are the responsibility of management and have been approved by Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Louis Bull Tribe and meet when required.

On behalf of Louis Bull Tribe:

Original signed by
Chief

Sept 22, 2020

Date

Original signed by
Tribal Administrator

Sept 22, 2020

Date

Independent Auditors' Report

To the Members of Louis Bull Tribe

Opinion

We have audited the consolidated financial statements of Louis Bull Tribe (The Tribe), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Tribe in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Tribe's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Tribe or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tribe'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 Tribe's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Tribe to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the consolidated entities or business activities, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rowe Mackay LLP

Chartered Professional Accountants

Edmonton, Canada
September 22, 2020

Louis Bull Tribe**Consolidated Statement of Financial Position**

<u>March 31</u>	<u>2020</u>	<u>2019</u>
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Financial Assets

Cash (Note 3)	\$ 6,839,122	\$ 4,687,422
Accounts receivable (Note 4)	727,147	1,297,272
Long-term investments (Note 5)	3,035,681	3,175,764
Federal Trust Funds (Note 6)	623,932	479,078
	<hr/> 11,225,882	<hr/> 9,639,536

Liabilities

Accounts payable and accrued liabilities (Note 7)	1,039,776	1,148,673
Deferred revenue (Note 8)	4,992,231	2,395,973
Long-term debt (Note 9)	6,930,066	7,490,355
	<hr/> 12,962,073	<hr/> 11,035,001
Net debt	(1,736,191)	(1,395,465)

Non-financial Assets

Capital assets (Note 10)	18,979,067	20,166,148
Prepaid expenses	36,119	28,192
Inventory	124,669	72,739
	<hr/> 19,139,855	<hr/> 20,267,079

Accumulated Surplus (Note 11)	\$ 17,403,664	\$ 18,871,614
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Contingent liabilities (Note 13)

Approved on behalf of the Louis Bull TribeOriginal signed by _____, ChiefOriginal signed by _____, Councilor

Louis Bull Tribe

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 7,012,773	\$ 10,979,516	\$ 12,527,543
First Nation Development Funds	510,344	565,066	665,436
CMHC subsidies	462,799	463,122	462,799
Resource revenue	50,000	91,386	100,685
Interest income	25,000	59,109	97,645
Rental income	866,076	739,812	657,221
Indigenous Skills and Employment Training Strategy	540,179	620,819	711,046
Louis Bull Services revenue	-	2,199,292	2,424,323
Net earnings from Louis Bull entities	-	(89,895)	(30,759)
Other revenue	1,758,301	4,481,980	4,360,046
	11,225,472	20,110,207	21,975,985
Expenses (Note 19)			
Education	784,869	1,027,257	2,716,810
Health	1,394,454	2,003,979	1,837,033
Economic Development	639,869	633,793	969,475
Housing	1,060,925	1,162,775	1,001,302
Community Services	799,925	2,112,868	1,109,912
Social Services	4,002,066	5,447,801	4,849,249
Band Government	1,560,108	2,936,368	2,326,256
Public Works	571,445	1,827,384	2,147,615
Other	164,000	2,720,043	2,889,812
Amortization	-	1,705,891	1,574,099
	10,977,661	21,578,159	21,421,563
Excess (deficiency) of revenue over expenses	247,812	(1,467,952)	554,422
Accumulated surplus, beginning of year	-	18,871,614	18,317,192
Accumulated surplus, end of year	\$ 247,812	\$ 17,403,664	\$ 18,871,614

Louis Bull Tribe**Consolidated Statement of Change in Net Debt**

For the year ended March 31	2020	2019
Excess (deficiency) of revenue over expenses	\$ (1,467,952)	\$ 554,422
Acquisition of tangible capital assets	(518,810)	(652,141)
Amortization of tangible capital assets	1,705,892	1,574,099
	1,187,083	921,962
Acquisition (use) of prepaid asset	(7,927)	6,730
Acquisition (use) of inventory	(51,930)	9,572
Increase (decrease) in net financial assets	(340,723)	1,492,684
Net debt, beginning of year	(1,395,468)	(2,888,152)
Net debt, end of year	\$ (1,736,191)	\$ (1,395,468)

Louis Bull Tribe**Consolidated Statement of Cash Flow**

For the year ended March 31, 2020	2020	2019
Cash flows from Operating activities		
Excess (deficiency) of revenue over expenses	\$ (1,467,952)	\$ 554,422
Items not affecting cash		
Amortization	1,705,892	1,574,099
	237,940	2,128,521
Change in non-cash operating working capital		
Accounts receivable	570,125	(396,671)
Inventory	(51,930)	9,574
Prepaid expenses	(7,927)	6,730
Accounts payable	(108,896)	256,483
Deferred revenue	2,596,258	753,019
	3,235,570	2,757,656
Financing activities		
Repayment of long-term debt	(560,289)	(555,614)
Cash received from Trust funds	-	203,470
Income earned from Trust Funds	(144,854)	(194,413)
	(705,143)	(546,557)
Investing and capital activities		
Long-term investments	140,083	75,987
Purchase of capital assets	(518,810)	(652,141)
	(378,727)	(576,154)
Increase in cash and cash equivalents	2,151,700	1,634,945
Cash and cash equivalents, beginning of year	4,687,422	3,052,477
Cash and cash equivalents, end of year	\$ 6,839,122	\$ 4,687,422

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

(a) Reporting entity principles of financial reporting

These financial statements report only on the activities of the Louis Bull Tribe and all related entities that are accountable to the First Nation and are either owned or controlled by the Louis Bull Tribe.

Enterprises accounted for by the modified equity basis include:

- (a) 677626 Alberta Ltd.

Enterprises accounted for by full consolidation include:

- (b) Kiseputinow Holdings (1996) Ltd.

All inter-entity balances have been eliminated on consolidation.

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses.

(b) Revenue recognition

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

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

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

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(c) Cash

Cash and cash equivalents include cash held on deposit at financial institutions.

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies (continued)

(d) Capital assets

Capital assets are recorded at cost, 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Louis Bull Tribe's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings and houses	7% Straight line
Automotive equipment	30% Straight line
Computer equipment	30% Straight line
Furniture and equipment	20% Straight line
Service equipment	20% Straight line
Infrastructure	5% Straight line
Equipment	20% Straight line

Capital assets are written down when conditions indicate that they no longer contribute to Louis Bull Tribe's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

1. Basis of Presentation and Significant Accounting Policies (continued)

(f) Use of estimates and COVID-19 measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the Tribe's financial results, conditions and cash flows.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic, the Tribe has:

- Implemented remote work arrangements for those able to do so.
- Implemented stringent health and safety procedures.
- Management has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Tribe's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the financial results and condition on the Tribe and its operations in future periods.

Louis Bull Tribe**Notes to Consolidated Financial Statements**

March 31, 2020

3. Cash

	2020	2019
Externally restricted cash		
First Nation Development Funds	\$ 954,151	\$ 308,398
CMHC Replacement Reserve	<u>502,195</u>	<u>501,632</u>
	1,456,346	810,030
Unrestricted cash		
General accounts	5,382,776	3,877,392
	\$ 6,839,122	\$ 4,687,422

A line of credit has been authorized in the amount of \$300,000 bearing interest at prime plus 1%. At March 31, 2020 \$nil (2019 \$nil) had been drawn upon.

4. Accounts receivable

	2020	2019
Indigenous Services Canada	\$ 547,926	\$ 622,012
First Nation Development Fund	-	157,523
CMHC	-	84,745
Health Canada	-	315,116
Other	179,221	314,642
	727,147	1,494,038
Allowance for doubtful accounts	-	(196,766)
	\$ 727,147	\$ 1,297,272

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

5. Long-term investments

Investments in and advances to 677626 Alberta Ltd, include the following:

	2020	2019
Advances	\$ 33,599,741	\$ 33,649,930
Accumulated losses	<u>(30,564,060)</u>	(30,474,166)
	\$ 3,035,681	\$ 3,175,764

677626 Alberta Ltd. - Balance sheet

	2020	2019
Cash	\$ 375,351	\$ 226,150
Accounts receivable	2,585	25,497
Inventory	1,200	2,131
Capital assets	<u>2,972,962</u>	3,099,783
 Total assets	 \$ 3,352,098	 \$ 3,353,561
 Accounts payable	 \$ 82,122	 \$ 55,573
Due to related parties	33,599,741	33,649,930
Unearned revenue	234,295	122,223
 Total liabilities	 33,916,158	 33,827,726
 Equity (deficit)	 (30,564,060)	 (30,474,165)
 Total liabilities and equity	 \$ 3,352,098	 \$ 3,353,561

677626 Alberta Ltd. - Statement of Operations

	2020	2019
Revenue	\$ 597,484	\$ 605,351
Expenses	687,379	636,110
Net loss	\$ (89,895)	\$ (30,759)

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

6. Federal Trust Funds

The Ottawa Trust Funds include funds held by the Government of Canada for the use and benefit of the Louis Bull Tribe. These funds are accounted for as received, and the release of such funds is subject to Ministerial approval

	March 31, 2019	Income	March 31, 2020
Capital funds held in trust	\$ 152,449	\$ 53,469	\$ 205,918
Revenue funds held in trust	326,629	91,385	418,014
	\$ 479,078	\$ 144,854	\$ 623,932

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by Sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

7. Accounts payable and accrued liabilities

	2020	2019
Trade payables and accrued liabilities	\$ 597,053	\$ 705,950
Provision for landfill closure and post closure costs	442,726	442,726
	\$ 1,039,779	\$ 1,148,676

The provision for landfill closure and post closure costs represents the estimated closure and post closure costs to be incurred over the next ten years. During the year no reclamation expenditures were incurred.

8. Deferred Revenue

Deferred revenue represents funds received that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been fulfilled.

	March 31, 2019	Funding received	Revenue recognized	March 31, 2020
Indigenous Services Canada	\$ 1,514,236	\$ 13,686,482	\$ (10,979,516)	\$ 4,221,202
First Nation Development Funds	20,483	585,449	(565,066)	40,866
Other	861,254	834,024	(965,115)	730,163
	\$ 2,395,973	\$ 15,105,955	\$ (12,509,697)	\$ 4,992,231

Louis Bull Tribe**Notes to Consolidated Financial Statements**

March 31, 2020

9. Long-term debt

CMHC housing mortgages repayable in combined monthly instalments of \$38,471 including interest rates from 0.94% to 2.48%, renewable at various dates. The mortgages are secured by ministerial guarantees.

	2020	2019
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\$ 5,493,767	\$ 5,883,407
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Bank of Montreal demand loan for the construction of a Gas Bar and Convenience Store. Interest at prime plus 1.5%. Repayable in monthly principal and interest payments of \$14,221 over 13 years, secured by a promissory note in the amount of \$2,500,000.

<u>1,436,299</u>	1,606,948
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<u><u>\$ 6,930,066</u></u>	<u><u>\$ 7,490,355</u></u>
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Principal portion of long-term debt due within the next five years:

2021	\$ 565,476
2022	570,763
2023	576,128
2024	581,544
2025 and thereafter	<u>4,636,155</u>
	<hr/> <u><u>\$ 6,930,066</u></u>

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

10. Capital Assets

	Cost			Accumulated amortization			2020 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 6,183,201	-	\$ 6,183,201	\$ -	\$ -	\$ -	\$ 6,183,201
Buildings	30,801,875	-	30,801,875	22,607,107	1,106,464	23,713,571	7,088,304
Automotive equipment	2,334,145	456,350	2,790,495	1,929,755	201,852	2,131,607	658,888
Computer equipment	120,348	-	120,348	120,348	-	120,348	-
Office furniture and equipment	1,650,240	-	1,650,240	1,513,660	55,580	1,569,240	81,000
Service equipment	238,740	-	238,740	199,857	7,777	207,634	31,106
Computer Equipment	43,985	-	43,985	41,312	802	42,114	1,871
Infrastructure	15,624,899	62,460	15,687,359	10,476,272	322,011	10,798,283	4,889,076
Equipment	655,444	-	655,444	598,418	11,405	609,823	45,621
	\$ 57,652,877	\$ 518,810	\$ 58,171,687	\$ 37,486,729	\$ 1,705,891	\$ 39,192,620	\$ 18,979,067
	Cost			Accumulated amortization			2019 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 6,183,201	-	\$ 6,183,201	\$ -	\$ -	\$ -	\$ 6,183,201
Buildings	30,718,542	83,333	30,801,875	21,466,139	1,140,968	22,607,107	8,194,768
Automotive equipment	1,978,980	355,165	2,334,145	1,891,780	37,975	1,929,755	404,390
Computer equipment	120,348	-	120,348	120,348	-	120,348	-
Office furniture and equipment	1,650,240	-	1,650,240	1,452,399	61,261	1,513,660	136,580
Service equipment	238,740	-	238,740	190,136	9,721	199,857	38,883
Computer Equipment	43,985	-	43,985	40,166	1,146	41,312	2,673
Infrastructure	15,474,619	150,280	15,624,899	10,159,580	316,692	10,476,272	5,148,627
Equipment	592,081	63,363	655,444	592,081	6,337	598,418	57,026
	\$ 57,000,736	\$ 652,141	\$ 57,652,877	\$ 35,912,629	\$ 1,574,100	\$ 37,486,729	\$ 20,166,148

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

11. Accumulated surplus

	2020	2019
Operating fund	\$ 1,695,050	\$ 2,540,976
Capital Asset fund	12,049,001	12,675,794
Trust fund	623,932	479,078
Enterprise fund	3,035,681	3,175,764
	<hr/> \$ 17,403,664	<hr/> \$ 18,871,612

12. CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are to be credited to interest first and then to the principal.

13. Contingent Liabilities

Louis Bull Tribe has been named as defendant in certain legal proceedings. The Tribe is actively defending all lawsuits. Since the amount of losses, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

Over the past years, Chevron Canada Resources made a claim against the Federal Government of Canada, Louis Bull Tribe and other First Nations, in connection with an overpayment of royalties. On June 6, 2019, the Courts provided a decision on this matter and awarded a judgment against the Louis Bull Tribe of \$1,967,506 (principal of \$1,205,378 and interest of \$762,128), as at June 30, 2019. The Louis Bull Tribe has appealed the Courts' decision and an Appeal Hearing has been schedule for September 2021. No provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

In 2014, an environmental site assessment was completed by an engineering firm in connection with a truck stop and gas bar located on off-reserve land owned by the Louis Bull Tribe. The truck stop and gas bar commenced operations in the mid-1980's and ceased operating in 2006. The environmental assessment concluded that hydrocarbon contamination as a result of the gas bar operation was present in the soil of the land, and reclamation is needed to bring the contaminated site back to acceptable environmental standards. Since a reasonable estimate of expenses has not been confirmed, no provision has been recorded in these financial statements.

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

14. Employment Retirement Plan

The Tribe has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 4% and 6% of their gross pay with the organization making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched.

15. Financial Instruments

The Tribe's financial instruments consist of cash, accounts receivable, long-term investments, federal trust funds, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Tribe is not exposed to significant currency risk from its financial instruments. The Tribe is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfil their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The Tribe cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the Tribe's operations and financial condition.

16. Budget Information

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by the Chief and Council and are unaudited.

17. Economic Dependence

Louis Bull Tribe receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Services Canada and Health Canada.

18. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Louis Bull Tribe**Notes to Consolidated Financial Statements**

March 31, 2020

19. Expenses by object

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Expenses			
Administration fees	\$ 25,178	\$ 145,719	\$ 442,342
Amortization	-	1,705,891	1,574,099
Bad debts	-	281,159	250,242
Bussing	24,000	14,509	621,319
Cost of sales - Louis Bull Services	-	1,906,469	2,087,211
Cultural events	95,000	70,811	111,759
Education and tuition fees	509,380	543,920	498,788
Insurance	179,601	217,627	166,010
Interest and bank charges	-	11,675	24,116
Interest on long-term debt	559,465	156,727	157,629
Janitorial	-	-	6,084
Meeting and travel	454,019	541,111	559,394
Office expenses	125,039	155,896	144,094
Professional fees	409,500	732,505	847,467
Program costs	894,141	2,881,444	2,262,241
Property taxes	65,000	125,267	88,066
Public works	-	42,542	76,666
Registry events	15,015	19,175	18,249
Rent	103,839	93,263	126,388
Repairs and maintenance	561,325	2,278,081	2,261,212
Skills Link - school supplies	-	-	78,168
Social Assistance	2,699,155	3,368,477	2,793,856
Subcontractor	-	63,117	13,172
Supplies	58,636	147,192	105,758
Training	941,553	1,440,501	1,430,907
Utilities and telephone	495,660	967,134	658,256
Vehicle	65,000	61,820	74,167
Wages and benefits	2,697,155	3,606,127	3,943,903
	<hr/>	<hr/>	<hr/>
	\$ 10,977,661	\$ 21,578,159	\$ 21,421,563

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information

The Tribe provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function.

	Education			Health			Economic Development		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenue									
Indigenous Services Canada	784,869	967,371	2,439,839	1,362,127	2,046,695	1,769,328	95,390	155,390	451,427
First Nation Development Funds	-	20,760	36,293	-	3,000	-	-	40,000	-
Transfers	-	-	(13,983)	-	-	-	-	-	7,528
Other revenue	-	37,197	254,661	32,327	4,209	38,597	654,179	438,403	488,761
Total revenue	784,869	1,025,328	2,716,810	1,394,454	2,053,904	1,807,925	749,569	633,793	947,716
Expenses									
Wages and benefits	125,942	206,321	725,891	576,640	548,802	633,353	245,219	106,732	162,904
Insurance	2,970	2,970	2,970	27,000	27,000	28,110	-	-	-
Repairs and maintenance	6,000	7,436	31,443	42,099	285,621	179,441	-	-	-
Program costs	52,000	64,458	504,330	407,774	759,219	499,399	-	1,100	40,400
Other expenses	597,957	746,072	1,452,176	340,941	383,337	496,730	394,650	525,961	766,171
Total expenses	784,869	1,027,257	2,716,810	1,394,454	2,003,979	1,837,033	639,869	633,793	969,475
Annual surplus (deficit)	-	(1,929)	-	-	49,925	(29,108)	109,700	-	(21,759)

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information, continued

	Housing			Community Services			Social Services		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenue									
Indigenous Services Canada	111,600	328,708	636,600	139,054	670,264	262,572	3,243,454	4,071,560	3,388,038
First Nation Development Funds	-	120,000	140,960	395,344	275,770	278,246	-	-	-
Transfers	-	-	(150,000)	-	(124,850)	(98,711)	-	(27,296)	(32,044)
Other revenue	949,835	976,578	936,577	330,000	1,686,960	666,928	595,014	1,365,484	1,504,768
Total revenue	1,061,435	1,425,286	1,564,137	864,398	2,508,144	1,109,035	3,838,468	5,409,748	4,860,762
Expenses									
Wages and benefits	121,120	146,728	115,093	248,564	471,693	295,677	712,170	765,628	695,691
Insurance	62,700	97,771	43,890	9,000	9,064	8,639	2,000	2,500	6,388
Repairs and maintenance	148,200	591,559	385,589	54,800	51,524	29,544	2,500	59,030	95,758
Program costs	145,440	192,977	296,652	225,027	1,173,228	463,287	63,899	91,321	152,161
Other expenses	583,464	133,740	160,078	262,534	407,359	312,765	3,221,497	4,529,322	3,899,251
Total expenses	1,060,924	1,162,775	1,001,302	799,925	2,112,868	1,109,912	4,002,066	5,447,801	4,849,249
Annual surplus (deficit)	511	262,511	562,835	64,473	395,276	(877)	(163,598)	(38,053)	11,513

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information, continued

	Band Government			Public Works			Other		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenue									
Indigenous Services Canada	705,434	723,574	847,541	570,845	1,872,800	2,732,198	-	143,157	-
First Nation Development Funds	115,000	50,000	86,146	-	-	-	-	55,536	123,791
Transfers	-	502,146	112,506	-	-	150,000	-	(350,000)	24,704
Other revenue	541,000	1,248,421	1,615,823	-	17,044	18,088	600,000	2,646,472	3,064,390
Total revenue	1,361,434	2,524,141	2,662,016	570,845	1,889,844	2,900,286	600,000	2,495,165	3,212,885
Expenses									
Wages and benefits	493,658	905,814	881,820	173,843	224,423	183,372	-	229,985	250,102
Insurance	51,000	53,391	51,082	24,931	24,931	24,931	-	-	-
Repairs and maintenance	69,000	52,925	87,836	238,726	1,220,088	1,436,096	-	9,900	15,505
Program costs	-	383,770	186,819	-	81,212	-	-	134,154	119,194
Other expenses	946,450	1,540,468	1,118,699	133,945	276,730	503,216	164,000	2,346,004	2,505,011
Total expenses	1,560,108	2,936,368	2,326,256	571,445	1,827,384	2,147,615	164,000	2,720,043	2,889,812
Annual surplus (deficit)	(198,674)	(412,227)	335,760	(600)	62,460	752,671	436,000	(224,878)	323,073

Louis Bull Tribe

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information, continued

	Amortization			Trust Funds			Consolidated totals		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenue									
Indigenous Services Canada	-	-	-	-	-	-	7,012,773	10,979,519	12,527,543
First Nation Development Funds	-	-	-	-	-	-	510,344	565,066	665,436
Other revenue	-	-	-	-	144,854	194,413	3,702,355	8,565,622	8,783,006
Total revenue	-	-	-	-	144,854	194,413	11,225,472	20,110,207	21,975,985
Expenses									
Wages and benefits	-	-	-	-	-	-	2,697,156	3,606,126	3,943,903
Amortization	-	1,705,891	1,574,099	-	-	-	-	1,705,891	1,574,099
Insurance	-	-	-	-	-	-	179,601	217,627	166,010
Repairs and maintenance	-	-	-	-	-	-	561,325	2,278,083	2,261,212
Program costs	-	-	-	-	-	-	894,140	2,881,439	2,262,242
Other expenses	-	-	-	-	-	-	6,645,438	10,888,993	11,214,097
Total expenses	-	1,705,891	1,574,099	-	-	-	10,977,660	21,578,159	21,421,563
Annual surplus (deficit)	-	(1,705,891)	(1,574,099)	-	144,854	194,413	247,812	(1,467,952)	554,422