

July 29, 2014

Mr. Jim Corry, Field Services Officer  
 First Nations Relations, Treaty 6  
 Aboriginal Affairs and Northern Development Canada  
 630 Canada Place, 9700 Jasper Avenue  
 Edmonton, AB T5J 4G2

Dear Mr. Corry:

**Re: Samson Cree Nation - March 31, 2014 Year-End**

Please find enclosed the following:

- Special Purpose Consolidated Audited Financial Statements for the year ended March 31, 2014, including: auditor's report, consolidated statements of financial position (including quorum endorsement), operations (including budget figures), remeasurement gains and losses, change in net financial assets, and cash flows, notes to the consolidated financial statements, and program revenue and expenditure schedules. **This set of financial statements is for the use of AANDC only and should not be posted online;**
- Statements of Receipt and Expenditure of Indian Moneys;
- Schedules of Remuneration and Expenses for Elected Officials and Unelected Senior Officials with related review engagement report; **This schedule is for the use of AANDC only and should not be posted online;**
- AANDC Funding Reconciliation (sorted with subtotals by Financial Statement Program & AANDC Code); and
- Capital Project Schedules of Revenue and Expenditures

If you have any questions, please do not hesitate to contact me.

Yours truly,

MNP LLP



Clay Anderson, CA

CA/mc  
 Enclosure

**RECEIVED**

JUL 29 2014

ABORIGINAL AFFAIRS & NORTHERN  
 DEVELOPMENT CANADA  
 ALBERTA REGION

**Samson Cree Nation  
Consolidated Financial Statements  
March 31, 2014**

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ALBERTA REGION

HAND DELIVERED TO JIM Corry  
name  
ON July 29 2014. JPC  
date initials

**Samson Cree Nation**  
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*For the year ended March 31, 2014*

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## **Management's Responsibility**

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To the Members of Samson Cree Nation:

The accompanying consolidated financial statements of Samson Cree Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

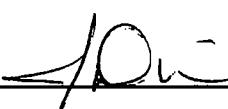
In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Samson Cree Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 14, 2014

  
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## Independent Auditors' Report

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To the Members of Samson Cree Nation:

We have audited the accompanying consolidated financial statements of Samson Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows, and related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

Notes 1 and Note 17 indicate that commencing in the 2003 year, the Chief and Council of Samson Cree Nation instructed management to exclude the financial results of Peace Hills Trust Company and Peace Hills General Insurance Company from the consolidated financial statements. Canadian public sector accounting standards require inclusion of the financial statements of subsidiary companies with those of the reporting enterprise. Had these entities been consolidated, as at March 31, 2014, total assets and accumulated surplus would increase by increase by \$136,408,582, and for the year ended March 31, 2014, surplus would increase by \$2,376,851.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Samson Cree Nation as at March 31, 2014 and the results of its operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Restriction on Use*

These consolidated financial statements are prepared to assist Samson Cree Nation to meet the requirements of Section 7.2 of Aboriginal Affairs and Northern Development Canada's Year-end Reporting Handbook. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Chief and Council of Samson Cree Nation and Aboriginal Affairs and Northern Development Canada, and should not be used by parties other than those specified.

Edmonton, Alberta

July 14, 2014

**MNP LLP**  
Chartered Accountants

**Samson Cree Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash <i>(Note 2)</i>	4,892,136	6,200,548
Accounts receivable <i>(Note 3)</i>	9,173,189	7,883,039
Inventory for resale <i>(Note 4)</i>	501,213	524,904
Subordinated debenture <i>(Note 14)</i>	-	10,000,000
<b>Subtotal of current assets</b>	<b>14,566,538</b>	24,608,491
<b>Capital funds held in trust <i>(Note 5)</i></b>	<b>1,657,021</b>	2,004,200
<b>Revenue funds held in trust <i>(Note 6)</i></b>	<b>845,937</b>	418,813
<b>Kisoniyaminaw Heritage Trust Fund <i>(Note 7)</i></b>	<b>431,265,450</b>	378,877,963
<b>Samson Education Trust Fund <i>(Note 8)</i></b>	<b>28,053,852</b>	25,068,654
<b>Investments <i>(Note 9)</i></b>	<b>5,090,087</b>	5,465,087
<b>Oil and gas properties <i>(Note 10)</i></b>	<b>2,507,144</b>	2,480,190
<b>Total financial assets</b>	<b>483,986,029</b>	438,923,398

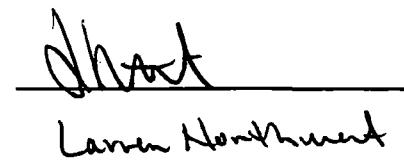
**Samson Cree Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 11)	4,241,229	3,396,892
Accounts payable and accruals (Note 12)	4,381,412	4,846,252
Deferred revenue (Note 13)	449,577	1,183,403
Current portion of long-term debt (Note 14)	2,188,265	10,964,521
<b>Subtotal of current liabilities</b>	<b>11,260,483</b>	20,391,068
<b>Long-term debt (Note 14)</b>	<b>18,198,495</b>	18,589,782
<b>Total financial liabilities</b>	<b>29,458,978</b>	38,980,850
<b>Net financial assets</b>	<b>454,527,051</b>	399,942,548
<b>Guarantees (Note 9), (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	77,257,714	80,448,571
Inventory held for use (Note 15)	935,078	759,407
Prepaid expenses (Note 11)	-	137,700
<b>Total non-financial assets</b>	<b>78,192,792</b>	81,345,678
<b>Accumulated surplus</b>	<b>532,719,843</b>	481,288,226
<b>Accumulated surplus is comprised of:</b>		
Accumulated operating surplus	447,949,866	444,296,320
Accumulated remeasurement gains	84,769,977	36,991,906
	<b>532,719,843</b>	481,288,226

Approved on behalf of the Board

  
 JONATHAN DION

Councillor

  
 Laren Northment

Councillor

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
<b>Revenue</b>				
Government funding				
Aboriginal Affairs and Northern Development Canada	24,050,016	24,050,016	26,344,887	
First Nations Development Fund	1,755,431	1,755,431	1,521,075	
First Nations and Inuit Health Branch	1,966,299	1,966,299	1,725,214	
Canada Mortgage and Housing Corporation	1,511,354	370,070	515,603	
Human Resources and Skills Development Canada	370,070	1,511,354	1,511,355	
	<b>29,653,170</b>	<b>29,653,170</b>	<b>31,618,134</b>	
Samson Management - Gas Bar	-	10,185,987	10,187,792	
Samson Management - Administration	-	399,022	406,241	
Samson Management - Subway	-	468,254	495,684	
Samson Management - Real Estate	-	1,299,831	1,145,942	
Samson Management - Emerging Opportunities	-	2,213	-	
Samson Management - Roots & Berries	-	1,421,563	1,544,366	
Samson Management - Maskepetoon Automotive	-	563,852	445,887	
Samson Management - Off Reserve Housing	-	237	65,080	
Samson Management - Art Gallery	-	101,693	110,086	
Samson Management - Grocery	-	565,817	54,998	
Donation - Samson Management Ltd.	-	-	200,000	
Samson Tribal Enterprises	-	5,199,495	3,785,912	
Parcan Developments	-	1,785,864	1,603,646	
Donation - Parcan	-	-	50,000	
Samson Oil & Gas	-	1,249,613	1,127,902	
Peace Hills Trust dividend	-	887,373	112,627	
Bingo	-	1,630,740	1,248,617	
Government of Canada - RCMP building	-	544,281	544,281	
Debenture trust revenue	-	141,339	521,100	
GST refunds	-	77,200	63,806	
Peace Hills General Insurance dividend	-	-	500,000	
Donation - PHGI	-	-	25,000	
Family Violence	-	51,076	51,076	
Other revenue	-	3,828,766	4,369,210	
ATCO donations	-	260,890	-	
Muskwachees Ambulance Authority	-	4,030,161	4,127,540	
Capital funds held in trust	-	266,584	631,244	
Revenue funds held in trust	-	427,124	410,233	
Samson Education Trust Fund	-	1,686,249	1,226,892	
Kisoniyaminaw Heritage Trust Fund	<b>17,000,000</b>	<b>25,485,941</b>	<b>17,167,639</b>	
	<b>46,653,170</b>	<b>92,214,335</b>	<b>83,840,935</b>	

*Continued on next page*

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
<b>Total revenues (Continued from previous page)</b>		<b>46,653,170</b>	<b>92,214,335</b>	<b>83,840,935</b>
<b>Expenses</b>				
<b>Governance</b>				
Chief & Council	4	1,231,389	1,481,680	1,278,315
Chief & Council Election	5	-	51,902	-
Council Support Salaries & Operating Costs	6	280,794	281,099	260,120
Band Administration	7	443,382	754,974	639,736
Finance	8	1,222,160	1,256,731	1,192,634
Banking and Debt	9	473,175	614,514	1,036,233
Economic Development	10	399,402	415,592	425,214
First Nations Development Fund	11	1,095,492	1,146,718	983,647
Utilities	12	2,071,687	2,140,252	1,365,343
RCMP	13	-	235,173	244,811
RCMP Building Utilities	14	-	61,000	61,000
		<b>7,217,481</b>	<b>8,439,635</b>	<b>7,487,053</b>
<b>Operational Support</b>				
Personnel	15	331,210	331,380	300,425
Information Technology	16	163,212	166,313	167,772
Central Registry	17	569,544	660,867	619,924
Membership	18	549,881	552,111	601,743
Hawk Radio	19	104,819	110,041	53,919
Sewing Project	20	65,703	102,455	56,866
Inter Governmental Office	21	307,895	309,495	160,880
Elders Support Services	22	355,619	356,821	306,917
Recreation	23	518,207	532,436	442,958
Four Nations Arena	24	381,105	388,290	193,998
Community Initiatives	25	433,283	458,503	326,424
Minor Hockey Program	26	21,650	21,650	72,062
Pigeon Lake Recreation Centre	27	23,329	23,529	23,128
		<b>3,825,457</b>	<b>4,013,891</b>	<b>3,327,016</b>
<b>Justice</b>				
Justice	28	583,802	610,894	648,135
Staff Association	29	11,693	46,201	41,533
In House Lawyer	30	160,971	160,971	130,256
Election Law	31	-	-	68,839
Peacekeepers	32	626,910	626,910	426,492
		<b>1,383,376</b>	<b>1,444,976</b>	<b>1,315,255</b>

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
<b>Community Wellness / Family Support</b>				
Community Wellness	33	1,351,218	1,410,168	957,496
Healthy Families	34	579,739	643,547	593,037
Assisted Living Program	35	134,136	190,897	256,239
NNADAP	36	-	-	193,336
Indian Residential School	37	237,050	237,658	243,074
Social Assistance	38	5,499,560	5,499,560	7,655,644
Family Support	39	707,134	719,046	802,749
Special Needs	40	181,436	62,647	181,436
Child Out of Parental Home	41	36,012	92,883	120,575
Human Resources	42	2,070,518	2,387,407	2,136,074
Summer Students	43	-	-	259,191
Maskwacis Parents Place	44	-	23,827	82,100
Daycare	45	517,158	613,516	593,588
		<b>11,313,961</b>	<b>11,881,156</b>	<b>14,074,539</b>
<b>Infrastructure</b>				
Trades Centre	46	1,543,443	1,549,242	1,236,233
Residential Development	47	387,868	389,215	263,491
CMHC	48	78,292	78,292	200,295
Community Capital Planning	49	825,859	830,215	1,818,374
Housing - Reno, Repairs, Emergency	50	1,373,444	1,373,444	1,731,802
Fire Department	51	628,999	664,700	586,584
Natural Resources	52	455,712	455,712	409,154
Public Works	53	1,094,843	1,097,049	1,366,900
CTA Maintenance	54	850,340	852,889	717,423
Disaster Services - Wildfires	55	53,796	53,796	-
		<b>7,292,596</b>	<b>7,344,554</b>	<b>8,330,256</b>
<b>Education</b>				
Education Administration	56	922,581	1,017,642	1,037,243
Primary School	57	1,851,194	1,851,194	2,057,190
Middle School	58	1,630,186	1,630,186	1,620,215
Post Secondary	59	2,088,694	2,094,200	2,633,689
Operations and Maintenance	60	1,165,717	1,165,717	1,502,793
Pigeon Lake School	61	529,352	529,352	526,391
High School and Junior High School	62	1,786,838	1,786,838	1,684,159
Maskwacis Outreach School	63	456,586	456,586	539,247
New Paths	64	720,870	720,870	703,803
Ancillary Services School	65	-	-	10,054
NEA Head Start Program	66	227,475	230,268	247,884
First Nation Student Success Plan	67	-	831,890	142,978
Special Education	68	177,420	177,420	134,758
NEA Summer Student Program	69	287,444	289,273	-
		<b>11,844,357</b>	<b>12,781,436</b>	<b>12,840,404</b>

*The accompanying notes are an integral part of these financial statements*

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
<b>Nation Projects</b>				
Celebrations	70	343,175	476,605	496,365
Business Travel	71	409,746	928,256	1,105,818
Community Requests	72	348,497	658,299	680,868
Peace Hills General Insurance Funding	73	-	123,250	160,360
Parcan Developments Funding	74	-	270,616	244,002
Nation Member Dividend	75	1,775,573	2,355,119	2,354,657
Traditional Land Use Study	76	30,164	521,750	395,387
Peaskatew Elders Contracts	77	-	-	3,807
Townsite Lighting	78	-	-	47,272
Satellite Initiative	79	-	-	8,959
Christmas Enhancement Payments	80	189,621	189,621	151,152
Governance Independent Contractors	81	54,000	281,233	199,126
Lawyer Fees	82	-	677,555	414,124
Samson Walking Trail	83	67,015	111,205	-
Healing Life Program	84	-	71,632	-
Maskwacis Youth Initiatives	85	-	35,000	-
		<b>3,217,791</b>	<b>6,700,141</b>	<b>6,261,897</b>
<b>Nation Businesses</b>				
Samson Oil & Gas	86	-	1,333,233	1,432,007
Samson Management	87	-	15,125,975	14,878,023
Samson Tribal Enterprises	88	-	5,137,791	3,988,009
Parcan Developments	89	-	1,327,588	1,362,192
Bingo	90	-	1,630,740	1,248,617
Hobbema Financial Advisory	91	-	83,224	69,671
Classroom Connections	92	-	528,819	1,044,951
Maskwacis Ambulance Authority	93	-	3,941,981	3,951,631
Samson Cree Medical Services	94	241,386	290,624	-
		<b>241,386</b>	<b>29,399,975</b>	<b>27,975,101</b>
<b>Other</b>				
Trust Funds	95	-	3,191,336	3,117,657
Tangible Capital Assets	96	316,765	3,729,690	3,887,653
		<b>316,765</b>	<b>6,921,026</b>	<b>7,005,310</b>
<b>Total expenses</b>		<b>46,653,170</b>	<b>88,926,790</b>	<b>88,616,831</b>
<b>Surplus (deficit) before other items</b>		<b>-</b>	<b>3,287,545</b>	<b>(4,775,896)</b>
<b>Other income</b>				
Gain on disposal of Samson Oil & Gas tangible capital assets		-	217,888	319,349
Gain on disposal of Samson Tribal Enterprises tangible capital assets		-	148,113	146,949
Gain on disposal of Samson Management tangible capital assets		-	-	89,583
		<b>-</b>	<b>366,001</b>	<b>555,881</b>
<b>Surplus (deficit)</b>		<b>-</b>	<b>3,653,546</b>	<b>(4,220,015)</b>
<b>Accumulated surplus, beginning of year</b>		<b>-</b>	<b>444,296,320</b>	<b>448,516,335</b>
<b>Accumulated surplus, end of year</b>		<b>-</b>	<b>447,949,866</b>	<b>444,296,320</b>

*The accompanying notes are an integral part of these financial statements*

**Samson Cree Nation**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2014*

	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Accumulated remeasurement gains, beginning of year</b>	<b>36,991,897</b>	12,508,590
<b>Unrealized gains attributable to:</b>		
Portfolio investments in KHTF and SETF	63,701,347	32,303,313
<b>Amounts reclassified to the statement of operations:</b>		
Portfolio investments in KHTF and SETF	(15,923,267)	(7,819,997)
<b>Change in remeasurement gains (losses), for the year</b>	<b>47,778,080</b>	24,483,316
<b>Accumulated remeasurement gains, end of year</b>	<b>84,769,977</b>	36,991,906

**Samson Cree Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2014*

	<b>2014 Budget</b>	<b>2014 Actual</b>	<b>2013 Actual</b>
<b>Surplus (deficit)</b>	-	<b>3,653,546</b>	(4,220,015)
Purchases of tangible capital assets	-	(2,713,188)	(2,869,850)
Amortization of tangible capital assets	-	5,125,376	4,962,320
Proceeds on disposal of tangible capital assets	-	1,144,661	886,454
Gain on disposal of tangible capital assets	-	(366,001)	(555,881)
(Purchase) use of inventory	-	(175,671)	774,334
(Purchase) use of prepaid expenses	-	137,700	(137,700)
Change in remeasurement gains (losses)	-	<b>47,778,080</b>	24,483,316
	-	<b>50,930,957</b>	27,542,993
<b>Increase in net financial assets</b>	-	<b>54,584,503</b>	23,322,978
<b>Net financial assets, beginning of year</b>	-	<b>399,942,548</b>	376,619,570
<b>Net financial assets, end of year</b>	-	<b>454,527,051</b>	399,942,548

**Samson Cree Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Receipts from government sources	30,135,857	31,258,070
Receipts from trust funds	20,191,332	20,391,663
Receipts from other sources	15,563,604	17,017,016
Paid to suppliers and employees	(66,173,990)	(64,042,959)
Interest paid	(1,106,537)	(1,708,774)
	<b>(1,389,734)</b>	<b>2,915,016</b>
<b>Financing activities</b>		
Advances of long-term debt	1,297,443	1,727,915
Repayment of long-term debt	(10,464,986)	(3,354,422)
	<b>(9,167,543)</b>	<b>(1,626,507)</b>
<b>Capital and investing activities</b>		
Proceeds on disposal of tangible capital assets	1,144,670	886,448
Purchase of tangible capital assets	(2,713,188)	(2,869,850)
Purchase of oil and gas properties	(26,954)	(145,063)
Proceeds on redemption of subordinated debenture	10,000,000	-
	<b>8,404,528</b>	<b>(2,128,465)</b>
<b>Decrease in cash resources</b>	<b>(2,152,749)</b>	<b>(839,956)</b>
<b>Cash resources, beginning of year</b>	<b>2,803,656</b>	<b>3,643,612</b>
<b>Cash resources, end of year</b>	<b>650,907</b>	<b>2,803,656</b>
<b>Cash resources are composed of:</b>		
Cash	4,892,136	6,200,548
Bank indebtedness	(4,241,229)	(3,396,892)
	<b>650,907</b>	<b>2,803,656</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**1. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards except as explained below and include the following significant accounting policies:

***Reporting entity***

These consolidated financial statements include Samson Cree Nation (the "Nation") and certain related entities which are accountable to the Nation and are either owned or controlled by the Nation.

These consolidated financial statements include the assets, liabilities, revenues and expenses of the Nation including the accounts of the following unincorporated entities and limited companies:

- Samson Tribal Enterprises Ltd.
- Samson Management Ltd.
- Samson Education Trust Fund
- Parcan Developments Inc.
- Hobbema Financial Advisory Inc.
- Samson Oil & Gas Inc.
- Kisoniyaminaw Heritage Trust Fund
- Maskwacis Ambulance Authority Ltd.
- Samson Cree Medical Services Inc.

Business entities, that are owned or controlled by the Nation and that are not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the accounting principles of the business entity are not adjusted to conform with those of the Nation. Thus, the Nation's investment in these enterprises is recorded at cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. These business entities include:

- SEM Resort Limited Partnership (1/3 interest)

These consolidated financial statements do not include the accounts of these wholly-owned companies:

- Peace Hills Trust Company
- Peace Hills General Insurance Company

The annual report for the fiscal year is available at the head office location for both Peace Hills Trust Company and Peace Hills General Insurance Company. See Note 17 for further discussion of the exclusion of these two companies from the consolidated financial statements.

These consolidated financial statements do not include the assets or liabilities of individual Nation members.

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventory held for use and prepaid expenses.

***Net financial assets***

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**1. Significant accounting policies (Continued from previous page)**

***Basis of presentation and revenue recognition***

Sources of revenue and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Unrestricted government transfers are recognized when they become receivable under the terms of applicable funding agreements. Restricted government transfers are deferred and recognized as revenue in the period in which the resources are used for the purposes specified.

Oil and gas royalties are paid in trust to the Government of Canada on behalf of the Nation pursuant to the provisions of the Indian Oil and Gas Act and Regulations. This revenue is recognized in the accounts of the Nation when reported by the Government of Canada.

The Nation recognizes revenues and profits from business enterprises when the requirements as to performance for transactions involving the sale of goods are met and ultimate collection is reasonably assured at the time of performance.

***Statement of Remeasurement Gains and Losses***

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) attributable to financial instruments in the fair value category do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Nation's net assets (liabilities) in the period.

Upon settlement of a financial asset or liability measured at fair value, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

***Cash resources***

Cash resources includes balances with banks and short-term investments with maturities of three months or less.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less estimated selling cost.

***Funds held in trust***

Funds held in trust on behalf of Nation members by the Government of Canada are reported on the consolidated statement of financial position. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Investments***

Long-term investments in entities that are not owned, controlled, or significantly influenced by the Nation are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**1. Significant accounting policies (Continued from previous page)**

***Oil and gas properties***

The full cost method of accounting for oil and natural gas operations is followed whereby all costs of acquiring, exploring and developing oil and natural gas reserves are capitalized. These costs include lease acquisition, geological and geophysical, exploration and development, and related equipment costs. Proceeds from the disposition of oil and natural gas properties are accounted for as a reduction of capitalized costs, with no gain or loss recognized unless such disposition results in a significant change in the depletion rate.

Depletion of resource properties is calculated using the unit of production method based on production volumes before royalties in relation to total proved reserves, as estimated by independent petroleum engineers. Natural gas volumes are converted to equivalent oil volumes based upon the relative energy content of six thousand cubic feet of natural gas to one barrel of oil. Significant natural gas processing facilities net of estimated salvage values, are amortized using the declining balance method over the estimated useful lives of the facilities.

The recoverability of accumulated costs in a cost centre is assessed based on undiscounted future cash flows from proved reserves and the cost of unproven properties. If accumulated costs are assessed to be not fully recoverable, the cost centre is written down to its fair value estimated as the present value of expected future cash flows from proved and probable reserves and the value of unproved properties. Expected future cash flows are discounted at the Nation's estimated risk free rate.

Costs are based on engineering estimates of the anticipated method and extent of site restoration in accordance with current legislation, industry practices and costs. The accumulated provision is reflected as a liability and actual expenditures are charged against the accumulated provision when incurred.

Revenue from the sale of crude oil, natural gas liquids and natural gas revenues are recorded using the entitlement method. Under the entitlement method, revenue is recognized when title passes based on the Nation's net interest. The Nation records its entitled share of revenues based on entitled volumes and contracted sales prices.

All petroleum and natural gas activities are conducted jointly with others. These consolidated financial statements reflect only the Nation's proportionate interest in such activities.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible assets are recorded at their fair value at the date of contribution.

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	declining balance	4-5 %
Equipment	declining balance	10-100 %
Houses - country	declining balance	10 %
Houses - townsite	declining balance	10 %
Infrastructure	declining balance	5 %

***Long-lived assets***

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in surplus (deficit) for the year.

Prices for similar items are used to measure fair value of long-lived assets.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**1. Significant accounting policies (Continued from previous page)**

***Measurement uncertainty (use of estimates)***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

***Segments***

The Nation conducts its business through the following reportable segments as reported on Schedule 3: Governance, Operational Support, Justice, Community Wellness / Family Support, Infrastructure, Education, Nation Projects, Nation Business and Other Programs. These operating segments are established by Chief and Council to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in this note.

***Financial instruments***

The Nation recognizes its financial instruments when the Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

The Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus (deficit). Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**2. Cash**

	<b>2014</b>	<b>2013</b>
<b>Nation Departments:</b>		
Treasury	348,607	1,226,989
First Nations Development Fund	(4,028)	124,002
Nipisihkopahk Education Authority	6,106	(229,141)
Social Development	594,354	(221,764)
CMHC Innovative Housing Program	9,663	110,906
Payroll	27,934	(15,362)
Community Wellness	13,269	122,594
Per Capita Distribution	(110,039)	159,779
Human Resources (HRDC)	(247,010)	135,147
Operations	(250,032)	(343,673)
	<b>388,824</b>	<b>1,069,477</b>
<b>Other Entities:</b>		
Samson Management	2,019,733	2,304,813
Hobbema Financial Advisory	244,668	432,532
Corporate trust	317,338	317,046
Maskwacis Ambulance Authority - includes GIC of \$325,000 (2013 - \$403,500)	853,534	1,167,308
RCMP	236,965	237,006
Parcan Developments - includes GIC of \$100,000 (2013 - \$nil)	453,412	505,179
Bingo	252,808	177,283
Samson Cree Medical Services	63,872	-
Samson Oil & Gas	(8,504)	(17,936)
Samson Tribal Enterprises	34,484	7,840
Maskwacis Youth Initiatives	35,002	-
	<b>4,503,312</b>	<b>5,131,071</b>
	<b>4,892,136</b>	<b>6,200,548</b>

**3. Accounts receivable**

	<b>2014</b>	<b>2013</b>
<b>Nation Departments:</b>		
Government funding receivable	1,208,635	1,691,322
Accrued interest on subordinated debenture	-	44,258
	<b>1,208,635</b>	<b>1,735,580</b>
<b>Other Entities:</b>		
Samson Management	3,977,022	3,121,997
Parcan Developments	545,100	287,300
Samson Tribal Enterprises	649,505	746,572
Samson Oil & Gas	409,003	219,489
Non-coterminous year-end adjustment - Samson Oil & Gas	-	111,096
Advances - Hobbema Financial Advisory	829,908	587,209
Maskwacis Ambulance Authority	512,630	273,796
Samson Cree Medical Services - AANDC funding	241,386	-
Advances to Lubicon Lake Nation	800,000	800,000
	<b>7,964,554</b>	<b>6,147,459</b>
	<b>9,173,189</b>	<b>7,883,039</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
For the year ended March 31, 2014

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**4. Inventory for resale**

Inventory for resale relates to Samson Management and consists of the following:

	<b>2014</b>	<b>2013</b>
Tobacco (Gas Bar)	69,944	131,300
Confectionary (Gas Bar)	36,015	34,161
Fuel (Gas Bar)	99,223	121,198
Parts (Automotive)	26,370	20,724
Merchandise (Pharmacy)	23,616	33,724
Pharmaceuticals (Pharmacy)	110,799	107,702
Food (Subway)	9,287	9,287
Food (Grocery)	93,502	50,000
Artwork (Art Gallery)	32,457	16,808
	<b>501,213</b>	<b>524,904</b>

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**5. Capital funds held in trust**

	<b>2014</b>	<b>2013</b>
AANDC capital trust	930,652	1,025,868
Suspense account (membership)	515,801	501,531
Share of Four Nations trust accounts	210,568	476,801
	<b>1,657,021</b>	<b>2,004,200</b>

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**Summary of Activity:**

Balance, beginning of year	2,004,200	1,760,480
Interest revenue	14,270	11,472
Oil and gas royalties	252,314	619,773
Transfer to Kisoniyaminaw Heritage Trust Fund	(613,763)	(387,525)
Balance, end of year	<b>1,657,021</b>	<b>2,004,200</b>

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**6. Revenue funds held in trust**

	<b>2014</b>	<b>2013</b>
AANDC revenue account	773,807	357,464
Suspense account (oil & gas)	72,130	61,349
	<b>845,937</b>	<b>418,813</b>

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**Summary of Activity:**

Balance, beginning of year	418,813	282,580
Interest revenue	47,015	30,884
Oil and gas royalties	380,109	379,349
Withdrawal of band funds	-	(274,000)
Balance, end of year	<b>845,937</b>	<b>418,813</b>

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**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**7. Kisoniyaminaw Heritage Trust Fund**

On July 25, 2005 the Nation's Chief and Council approved the Kisoniyaminaw Heritage Trust Deed created for the purpose of the transfer of the Capital Moneys. The Trust Deed identifies the Nation, including its present and future members, as the beneficiaries of the trust. The Kisoniyaminaw Heritage Trust Fund ("KHTF") has been established pursuant to and in conformity with Treaty No. 6. Article 4 of the Trust Deed confirms that the Trust shall not impair, reduce or negatively affect the treaty rights of the Nation and its present and future members or the treaty obligations of Canada.

Article 3 of the Trust Deed identifies the responsibilities of the trustees. They are to manage and invest the trust fund as a prudent person would. Further, they are to invest the trust fund in an attempt to generate sufficient income annually to assist Samson in meeting its responsibilities to present and future members. They are also to attempt to maintain the purchasing power of the trust fund by endeavouring to ensure that it grows with inflation.

The Nation's Chief and Councilors cannot be trustees. Moreover, no officer, employee or agent of the Nation can be a trustee.

	<b>2014</b>	<b>2013</b>
<b>Summary of Activity:</b>		
Net assets, beginning of year	378,877,963	356,947,912
Transfer from Capital Funds Held in Trust	613,763	387,525
Investment income and realized gains	25,485,941	17,167,639
Unrealized gains	45,602,691	23,561,912
Investment management fees	(1,578,654)	(1,371,321)
Commissions	(139,950)	(199,890)
Trustee honoraria	(203,807)	(198,907)
Custodial	(143,275)	(155,380)
Administration and annual report	(151,957)	(114,517)
Professional fees	(75,956)	(123,010)
Trustee expenses	(21,309)	(24,000)
Transfers to programs	(17,000,000)	(17,000,000)
Net assets, end of year	<b>431,265,450</b>	<b>378,877,963</b>

**8. Samson Education Trust Fund**

The trust was established by the Nation on June 23, 1980 and varied on June 29, 1990 to provide limited supplementary financial assistance to qualifying Nation members through incentives and scholarships and to assist in other educational endeavours. This assistance is supplementary to the obligations of the Government of Canada.

The trust capital is subject to the terms and conditions of the Samson Education Trust Fund, which requires the trustees to hold and preserve the trust capital and to apply trust income in accordance with the purpose of the trust.

	<b>2014</b>	<b>2013</b>
<b>Summary of Activity:</b>		
Net assets, beginning of year	25,068,654	23,850,990
Unrealized gains	2,175,389	921,404
Investment income and realized gains	1,686,249	1,226,892
Travel and training	(8,825)	(7,574)
Education incentives, awards and student benefits	(587,210)	(566,658)
Fundraising - golf tournament	(12,567)	(31,836)
Board and committee fees	(59,718)	(45,304)
Professional fees	(37,158)	(27,372)
Office expenses	(22,505)	(24,256)
Investment management fees	(84,255)	(96,170)
Salaries and wages	(64,202)	(131,462)
Net assets, end of year	<b>28,053,852</b>	<b>25,068,654</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**9. Investments**

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Cumulative earnings (loss)</i>	<i>2014 Total investment</i>
<b>Investments:</b>			
Investor membership in Anishnabe Healing Centre	160,000	-	160,000
Brave Heart Oil & Gas Ltd.	30,000	-	30,000
	<b>190,000</b>	-	<b>190,000</b>
<b>Nation Business Partnerships – Modified Equity:</b>			
SEM Limited Partnership - (33%)	5,000,000	(99,913)	4,900,087
	<b>5,190,000</b>	<b>(99,913)</b>	<b>5,090,087</b>
	<i>Investment cost</i>	<i>Cumulative earnings (loss)</i>	<i>2013 Total investment</i>
<b>Investments:</b>			
Investor membership in Anishnabe Healing Centre	160,000	-	160,000
Brave Heart Oil & Gas Ltd.	30,000	-	30,000
Maskwacis Investment Group Limited Partnership	375,000	-	375,000
	<b>565,000</b>	-	<b>565,000</b>
<b>Nation Business Partnerships – Modified Equity:</b>			
SEM Limited Partnership - (33%)	5,000,000	(99,913)	4,900,087
	<b>5,565,000</b>	<b>(99,913)</b>	<b>5,465,087</b>

*Continued on next page*

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
For the year ended March 31, 2014

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**9. Investments (Continued from previous page)**

The Nation's investment in SEM Limited Partnership was established for the purposes of earning investment income. Summary financial information for their respective year-end is as follows and represents 100% of the assets, liabilities, revenues and expenses of SEM Limited Partnership:

<u>As at March 31, 2014</u>	
<b>Assets</b>	
Cash	2,677,193
Accounts receivable	1,136,819
Inventory	198,664
Prepaid expenses	60,915
GIC's	1,386,077
<b>Property, plant and equipment</b>	<b>11,072,853</b>
<b>Total assets</b>	<b>16,532,521</b>
<b>Liabilities</b>	
Accounts payable and accruals	2,255,912
BC Lottery Corp. cash float	600,000
Due to related parties	4,000,000
Obligations under capital lease	163,747
Long-term debt	812,500
<b>Total liabilities</b>	<b>7,832,159</b>
<b>Net assets</b>	<b>8,700,362</b>
<b>Total revenue</b>	<b>12,933,813</b>
<b>Total expenses</b>	<b>12,933,813</b>
<b>Net income</b>	<b>-</b>

As at March 31, 2014, the Nation has guaranteed jointly and severally the credit facilities of SEM Limited Partnership, of which the Nation has a 1/3 interest, up to a maximum amount of \$5,000,000 (2013 - \$5,000,000). This guarantee is provided by the Nation along with the Chippewas of Rama First Nation and is supported by Band Council Resolutions from each party. Payments under this guarantee, which will remain in place for the next 12 months, are triggered upon an event of default. As at March 31, 2014, no liabilities have been recorded in association with this guarantee by the Nation.

**10. Oil and gas properties**

	2014	2013
Cost	7,843,918	7,816,964
Accumulated depletion	(5,336,774)	(5,336,774)
	<b>2,507,144</b>	<b>2,480,190</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**11. Bank indebtedness**

Bank indebtedness consists of the following credit facilities:

	<b>2014</b>	<b>2013</b>
<b>Samson Tribal Enterprises:</b>		
BMO Agri-Readiline	2,751,080	2,687,000
BMO farm equipment lines of credit	528,057	269,149
BMO operating demand loan	642,092	440,743
	<hr/>	<hr/>
	3,921,229	3,396,892
<b>Samson Management:</b>		
RBC Royal Bank revolving demand facility	5,000	-
<b>Samson Cree Medical Services:</b>		
Peace Hills Trust revolving demand facility	315,000	-
	<hr/>	<hr/>
	4,241,229	3,396,892

**Samson Tribal Enterprises:**

- BMO Agri-Readiline with a maximum facility amount of \$3,000,000 (2013 - \$3,000,000), bearing interest at prime plus 1.50%, due on demand;
- BMO farm equipment lines of credit with a maximum facility amount of \$700,000 (2013 - \$400,000), bearing interest at prime plus 2.375%, due on demand; and
- BMO operating demand loan with a maximum facility amount of \$1,000,000 (2013 - \$1,000,000), bearing interest at prime plus 1.85%, due on demand.

These facilities are secured by a corporate guarantee by Samson Cree Nation, the Company's sole shareholder, in the amount of \$4,750,000; band council resolution; operating loan agreement; certificate of the Chief of Samson Cree Nation; postponement and subordination agreement BCR; pledge of bills; and a general security agreement.

These facilities are subject to a financial covenant with respect to its debt servicing ratio. The Company is required to maintain a debt servicing ratio of 1.25:1 tested annually. As at March 31, 2014, the Company was in compliance with the debt servicing ratio requirement.

**Samson Management:**

RBC Royal Bank revolving demand facility bearing interest at prime plus 2.0% per annum, authorized to a maximum of \$500,000 (2013 - \$nil).

This credit facility is secured by a general security agreement constituting a first ranking security interest on all property of the Company; a collateral mortgage in the amount of \$1,000,000 on specific land and improvements; and a postponement and assignment of claim signed by the Nation.

**Samson Cree Medical Services:**

Peace Hills Trust revolving demand facility bearing interest at prime plus 2.0% per annum, authorized to a maximum of \$315,000 (2013 - \$nil).

This credit facility is secured by collateral assignment of Maskwacis Ambulance Authority GIC in the amount of \$325,000; a Maskwacis Ambulance Authority board resolution which guarantees the facility; guarantee and postponement of claim; a general security agreement; a line of credit agreement in the amount of \$315,000; and a promissory note in the amount of \$315,000.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**12. Accounts payable and accruals**

	<b>2014</b>	<b>2013</b>
<b>Nation programs and services</b>	<b>1,322,053</b>	<b>1,650,679</b>
Other Entities:		
Samson Oil & Gas	1,134,417	1,241,529
Samson Tribal Enterprises	431,234	516,830
Parcan Developments	291,936	269,623
Samson Management	603,192	658,882
Maskwacis Ambulance Authority	135,550	153,101
Samson Cree Medical Services	31,897	-
Bingo	431,133	355,608
	<b>3,059,359</b>	<b>3,195,573</b>
	<b>4,381,412</b>	<b>4,846,252</b>

**13. Deferred revenue**

The following table represents changes in the deferred revenue balance attributable to each major category of funding source:

	<i>Balance, beginning of year</i>	<i>Amounts received in year</i>	<i>Recognized in year</i>	<i>Balance, end of year</i>
First Nations Development Fund	653,369	1,551,639	1,755,431	449,577
First Nations and Inuit Health Branch	142,661	1,823,638	1,966,299	-
Peace Hills Trust dividend	387,373	500,000	887,373	-
	<b>1,183,403</b>	<b>3,875,277</b>	<b>4,609,103</b>	<b>449,577</b>

**14. Long-term debt**

	<b>2014</b>	<b>2013</b>
Samson Cree Nation - Kisoniyaminaw Heritage Trust Fund loan repaid in the year with the proceeds received on redemption of the \$10,000,000 Peace Hills Trust Company subordinated debenture. The remaining proceeds were used to pay for Nation programs.	-	7,492,247
Samson Cree Nation - RBC Royal Bank fixed rate term loan payable at \$30,218 per month including interest at 5.15%, due November 2015, secured by guarantee and postponement of claim in the amount of \$10,233,687 signed by Samson Tribal Enterprises Ltd., supported by a collateral mortgage in the amount of \$8,412,500 and \$10,233,867 covering 8,370 acres of non-reserve land owned by Samson Tribal Enterprises Ltd.	4,726,862	4,843,399
Samson Cree Nation - RBC Royal Bank fixed rate term loan payable at \$60,957 per month including interest at 4.86%, due November 2015, secured by guarantee and postponement of claim in the amount of \$10,233,687 signed by Samson Tribal Enterprises Ltd., supported by a collateral mortgage in the amount of \$8,412,500 and \$10,233,867 covering 8,370 acres of non-reserve land owned by Samson Tribal Enterprises Ltd.	2,436,879	3,034,366
Samson Cree Nation - RBC Royal Bank fixed rate term loan repayable at \$9,042 per month including interest at prime plus 1.95%, due August 2014, secured by guarantee and postponement of claim in the amount of \$10,233,687 signed by Samson Tribal Enterprises Ltd., supported by a collateral mortgage in the amount of \$8,412,500 and \$10,233,867 covering 8,370 acres of non-reserve land owned by Samson Tribal Enterprises Ltd.	535,337	615,025

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
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**14. Long-term debt (Continued from previous page)**

	<b>2014</b>	<b>2013</b>
Samson Cree Nation - CMHC Direct Lending financing repayable at \$6,634 per month including interest at 2.40% per annum, due October 2015, secured by AANDC Ministerial guarantee and CMHC insurance.	1,077,832	1,131,159
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,559 per month including interest at 2.37% per annum, due June 2016, secured by AANDC Ministerial guarantee and CMHC insurance.	198,039	211,929
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,284 per month including interest at 2.37% per annum, due June 2016, secured by AANDC Ministerial guarantee and CMHC insurance.	163,123	174,565
Samson Cree Nation - CMHC Direct Lending financing repayable at \$4,631 per month including interest at 1.80% per annum, due May 2017, secured by AANDC Ministerial guarantee and CMHC insurance.	852,366	892,351
Samson Cree Nation - CMHC Direct Lending financing repayable at \$8,553 per month including interest at 2.35% per annum, due September 2018, secured by AANDC Ministerial guarantee and CMHC insurance.	1,263,503	-
Samson Cree Nation - CMHC Direct Lending financing repayable at \$3,067 per month including interest at 1.62% per annum, due March 2018, secured by AANDC Ministerial guarantee and CMHC insurance.	456,599	485,821
Samson Cree Nation - CMHC Direct Lending financing repayable at \$2,017 per month including interest at 1.62% per annum, due March 2018, secured by AANDC Ministerial guarantee and CMHC insurance.	300,223	319,438
Samson Cree Nation - Peace Hills Trust CMHC financing repaid in the year.	-	1,330,403
Samson Cree Nation - First Nations Bank financing for RCMP building repayable at \$40,273 per month including interest at 4.25%, due May 2029. This financing relates to capital construction costs of the RCMP building which costs are being recovered under a lease with the Government of Canada over 20 years; all lease receipts relating to the capital cost are directed to the First Nations Bank.	5,395,875	5,644,024
Parcan Developments - Canadian Western Bank mortgage, repayable in monthly payments of \$27,778 plus interest at prime plus 1.25%, due July 2015, secured by promissory note, general security agreement covering all assets of Parcan Developments and an assignment of rents and leases.	1,888,693	2,222,029
Samson Management - First National Financial LP mortgages bearing interest at 3.21%, payable in monthly instalments of \$2,139 and \$3,193 including interest, due January 2017, secured by specific real estate properties, a general security agreement, guarantees and postponement and assignment of claims.	1,044,545	1,074,789

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
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**14. Long-term debt (Continued from previous page)**

	<b>2014</b>	<b>2013</b>
Samson Tribal Enterprises - John Deere Financial loan repayable in monthly instalments of \$3,206 including interest at 3.90% per annum, due June 2015, secured by specific equipment with a net book value of \$94,278 (2013 - \$117,848).	46,884	82,758
	<b>20,386,760</b>	29,554,303
<b>Less: current portion of long-term debt</b>	<b>2,188,265</b>	10,964,521
	<b>18,198,495</b>	<b>18,589,782</b>

Principal repayments on long-term debt in each of the next five years and thereafter, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2015	2,188,265
2016	8,276,509
2017	1,127,113
2018	2,990,913
2019 and thereafter	5,803,960

Long-term debt with First Nations Bank is subject to certain financial covenants with respect to debt service coverage ratio. As at March 31, 2014, the Nation is in compliance with all such covenants. It is management's opinion that the Nation will remain in compliance with all long-term debt covenants throughout the 12 months subsequent to March 31, 2014.

**15. Inventory held for use**

Inventory held for use relates to Samson Tribal Enterprises and consists of: buffalo of \$76,600 (2013 - \$36,225); gravel of \$457,936 (2013 - \$nil); and grain, seed and sileage of \$400,542 (2013 - \$723,182).

**16. Financial instruments**

The Nation as part of its operations carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

***Risk management policy***

The Nation, as part of operations, has established risk management objectives such as avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Nation follows a risk management policy approved by Chief and Council.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate cash flow risk with respect to its bank indebtedness and certain long-term debt amounts which are subject to floating interest rates. The Nation is exposed to interest rate price risk with respect to certain long-term debt amounts which bear interest at rates agreed upon at the time of issuance.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

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**16. Financial instruments (Continued from previous page)**

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Nation enters into transactions to purchase portfolio investments for which the market price fluctuates via the Kisoniyaminaw Heritage Trust Fund and the Samson Education Trust Fund.

Other price risk is measured using standard deviation, which measures a portfolio investment's volatility regardless of the cause. The Nation manages its other price risk by utilizing investment managers and custodians to monitor the volatility of the portfolio investments held and manage the investments according to the investment guidelines.

***Credit risk***

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Nation manages its credit risk by performing regular credit assessments of its customers, providing allowances for potentially uncollectible accounts receivable, and considering credit ratings of counterparties.

***Liquidity risk***

Liquidity risk is the risk that the Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Nation enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Nation's future net cash flows for the possibility of negative net cash flow.

***Foreign currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Nation is exposed to foreign currency risk via the Kisoniyaminaw Heritage Trust Fund and the Samson Education Trust Fund. In seeking to manage the risks from foreign exchange rate fluctuations, the Nation attempts to invest in a manner to protect against any adverse movements in the exchange rate.

**17. Exclusion of Peace Hills Trust Company and Peace Hills General Insurance Company**

Chief and Council of the Nation have instructed management to not include the financial results of Peace Hills Trust Company and of Peace Hills General Insurance Company. This has been done as the financial results of both companies are readily available to the membership of the Nation and as both companies are subject to their own separate audits as well as to numerous levels of audit by regulatory authorities.

In addition, due to the specialized nature of the operations and certain of the components of the financial statements of Peace Hills Trust Company and Peace Hills General Insurance Company, the inclusion of their financial statements in the accounts of the Nation would not result in the most informative presentation to the Nation members.

Peace Hills Trust Company prepares annual audited financial statements which are submitted to the OFSI (The Office of the Superintendent of Financial Institutions), CDIC (Canada Deposit Insurance Corporation), CRA (Canada Revenue Agency) and to provincial authorities in all provinces in which the company conducts business. In addition to its own audit Peace Hills Trust Company is also subject to examinations by OFSI and reports on an ongoing basis to OFSI.

Peace Hills General Insurance Company prepares annual audited financial statements which are submitted to the The Alberta Superintendent of Financial Institutions (ASFI), CRA (Canada Revenue Agency) and to provincial authorities in all provinces in which the company conducts business. In addition to its own audit Peace Hills General Insurance is also subject to annual audit by ASFI.

**18. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.