

**Samson Cree Nation**  
**Consolidated Financial Statements**  
*March 31, 2016*

# Samson Cree Nation

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*For the year ended March 31, 2016*

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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 consolidated financial statements.

The 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 is appointed by the Council 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 29, 2016



Councillor



Councillor

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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, 2016, 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 consolidated 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*

Note 1 and Note 18 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, total assets and accumulated surplus would increase by \$140,075,839 in 2016 and \$138,313,044 in 2015, and surplus would increase by \$4,182,795 in 2016 and \$2,366,462 in 2015.

## *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, 2016 and the results of its operations (including remeasurement gains and losses), changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

July 29, 2016

*MNP LLP*

Chartered Professional Accountants

**Samson Cree Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2016*

	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash (Note 2)	<b>8,866,702</b>	15,363,380
Accounts receivable (Note 3)	<b>7,828,769</b>	8,617,438
Inventory for resale (Note 4)	<b>490,649</b>	429,207
<b>Subtotal of current assets</b>	<b>17,186,120</b>	24,410,025
<b>Capital funds held in trust (Note 5)</b>	<b>1,661,733</b>	1,860,873
<b>Revenue funds held in trust (Note 6)</b>	<b>621,356</b>	231,050
<b>Kisoniyaminaw Heritage Trust Fund (Note 7)</b>	<b>424,350,764</b>	453,093,691
<b>Samson Education Trust Fund (Note 8)</b>	<b>29,355,757</b>	29,667,763
<b>Investments (Note 9)</b>	<b>6,285,897</b>	5,560,087
<b>Oil and gas properties (Note 10)</b>	<b>2,230,305</b>	2,365,949
<b>Total financial assets</b>	<b>481,691,932</b>	517,189,438

**Samson Cree Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2016*

	2016	2015
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 11)	1,441,783	1,359,781
Accounts payable and accruals (Note 12)	4,711,325	7,472,745
Deferred revenue (Note 13)	3,711,540	8,277,355
Current portion of long-term debt and term loans (Note 14)	5,703,730	12,249,463
<b>Subtotal of current liabilities</b>	<b>15,568,378</b>	<b>29,359,344</b>
<b>Long-term debt and term loans (Note 14)</b>	<b>17,421,660</b>	<b>12,073,285</b>
<b>Total financial liabilities</b>	<b>32,990,038</b>	<b>41,432,629</b>
<b>Net financial assets</b>	<b>448,701,894</b>	<b>475,756,809</b>
<b>Guarantees (Note 9), (Note 11), (Note 14)</b>		
<b>Contingencies (Note 16)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	74,768,068	75,309,167
Inventory held for use (Note 15)	883,220	1,701,027
<b>Total non-financial assets</b>	<b>75,651,288</b>	<b>77,010,194</b>
<b>Accumulated surplus</b>	<b>524,353,182</b>	<b>552,767,003</b>
<b>Accumulated surplus is comprised of:</b>		
Accumulated surplus	494,571,792	462,081,890
Accumulated remeasurement gains	29,781,390	90,685,113
	<b>524,353,182</b>	<b>552,767,003</b>

Approved on behalf of the Board



Councillor



Councillor

# Samson Cree Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2016*

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenue</b>				
Government funding				
Indigenous and Northern Affairs Canada	25,096,039	25,096,039	23,361,828	
First Nations and Inuit Health Branch	2,354,624	2,354,624	2,008,995	
Human Resources and Skills Development Canada	1,751,232	1,751,232	1,654,995	
First Nations Development Fund	1,612,780	1,612,780	1,841,436	
Canada Mortgage and Housing Corporation	654,942	654,942	396,144	
Government of Canada - RCMP building	545,541	545,541	545,541	
Service Canada - Change it Up	-	-	310,338	
	<b>32,015,158</b>	<b>32,015,158</b>	30,119,277	
Samson Management - Gas Bar	-	9,698,270	10,146,468	
Samson Management - Real Estate	-	1,958,336	1,398,934	
Samson Management - Roots & Berries	-	1,404,580	1,361,857	
Samson Management - Grocery	-	665,782	587,956	
Samson Management - Maskepetoon Automotive	-	580,596	550,932	
Samson Management - Subway	-	407,975	426,231	
Samson Management - Robins Donuts	-	394,525	222,273	
Samson Management - Administration	-	243,629	12,508	
Samson Management - Art Gallery	-	106,527	92,282	
Samson Management - Off Reserve Housing	-	85,608	-	
Samson Management - Emerging Opportunities	-	15,974	461	
Samson Tribal Enterprises	-	5,008,187	5,947,489	
Maskwacis Ambulance Authority	-	4,442,984	4,298,294	
Parcan Developments	-	1,870,368	1,773,731	
Samson Oil & Gas	-	962,046	2,363,562	
Bingo	-	1,486,235	1,535,767	
Samson Cree Medical Services	-	308,504	143,279	
Other revenue	-	4,501,786	5,442,679	
Kinder Morgan donation	-	500,000	-	
Peace Hills Trust dividend	-	500,000	-	
GST refunds	-	98,908	108,006	
Family Violence	-	51,076	58,076	
Capital funds held in trust (Note 5)	-	198,119	557,532	
Revenue funds held in trust (Note 6)	-	390,306	385,113	
Samson Education Trust Fund (Note 8)	-	2,232,484	2,237,551	
Share of earnings of SEM Resort Limited Partnership (Note 9)	-	725,810	-	
Kisoniyaminaw Heritage Trust Fund (Note 7)	20,703,405	50,624,808	42,819,109	
Kisoniyaminaw Heritage Trust Fund - additional 2014 fourth quarter distributions (Note 13)	-	7,457,105	(7,457,105)	
Kisoniyaminaw Heritage Trust Fund - 2017 first quarter distributions	-	250,000	-	
Cold Lake land sales - deferred revenue (Note 13)	-	(2,672,899)	-	
	<b>52,718,563</b>	<b>126,512,787</b>	105,132,262	

*Continued on next page*

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2016*

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Total revenue</b> <i>(Continued from previous page)</i>		<b>52,718,563</b>	<b>126,512,787</b>	105,132,262
<b>Expenses</b>				
Governance	3	10,919,714	11,716,178	11,969,531
Operational Support	4	4,274,277	3,735,415	3,909,112
Justice	5	1,850,997	1,594,129	1,435,900
Community Wellness / Family Support	6	14,173,072	11,680,708	11,666,470
Infrastructure	7	6,609,633	8,879,623	6,125,978
Education	8	12,899,045	13,998,448	14,074,712
Nation Projects	9	1,191,833	3,748,578	2,752,946
Nation Businesses	10	-	29,016,271	30,615,016
Cold Lake / KHTF Projects	11	-	3,932,181	-
Other Programs	12	-	3,506,839	3,426,219
<b>Total expenses</b>		<b>51,918,571</b>	<b>91,808,370</b>	85,975,884
<b>Surplus before other items</b>		<b>799,992</b>	<b>34,704,417</b>	19,156,378
<b>Other income (expense)</b>				
Gain on disposal of Samson Management tangible capital assets		-	3,091,720	7,378
Gain on disposal of Samson Oil & Gas investments		-	22,500	268,455
Gain on disposal of Maskwacis Ambulance Authority tangible capital assets		-	2,960	-
Gain (loss) on disposal of Samson Tribal Enterprises tangible capital assets		-	(29,998)	302,998
Depletion of oil and gas properties		-	(183,625)	(199,555)
Amortization		(799,992)	(5,118,072)	(5,403,643)
		<b>(799,992)</b>	<b>(2,214,515)</b>	(5,024,367)
<b>Surplus</b>		-	<b>32,489,902</b>	14,132,011
<b>Accumulated surplus, beginning of year</b>		<b>462,081,890</b>	<b>462,081,890</b>	447,949,879
<b>Accumulated surplus, end of year</b>		<b>462,081,890</b>	<b>494,571,792</b>	462,081,890

*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, 2016*

	<b>2016</b>	<b>2015</b>
<b>Accumulated remeasurement gains, beginning of year</b>	<b>90,685,113</b>	84,769,963
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments in KHTF and SETF	<b>(21,740,624)</b>	38,436,826
<b>Amounts reclassified to the statement of operations and accumulated surplus:</b>		
Portfolio investments in KHTF and SETF	<b>(39,163,099)</b>	(32,521,676)
<b>Change in remeasurement gains, for the year</b>	<b>(60,903,723)</b>	5,915,150
<b>Accumulated remeasurement gains, end of year</b>	<b>29,781,390</b>	90,685,113

**Samson Cree Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2016*

	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Surplus</b>	-	<b>32,489,902</b>	14,132,011
Purchases of tangible capital assets	-	<b>(5,109,327)</b>	(3,878,911)
Amortization of tangible capital assets	<b>799,992</b>	<b>5,118,072</b>	5,403,643
Proceeds on disposal of tangible capital assets	-	<b>3,597,036</b>	734,191
Gain on disposal of tangible capital assets	-	<b>(3,064,682)</b>	(310,376)
(Purchase) use of inventory held for use	-	<b>817,807</b>	(765,949)
Change in remeasurement gains	-	<b>(60,903,723)</b>	5,915,150
	<b>799,992</b>	<b>(59,544,817)</b>	7,097,748
<b>Increase (decrease) in net financial assets</b>	<b>799,992</b>	<b>(27,054,915)</b>	21,229,759
<b>Net financial assets, beginning of year</b>	<b>475,756,809</b>	<b>475,756,809</b>	454,527,050
<b>Net financial assets, end of year</b>	<b>476,556,801</b>	<b>448,701,894</b>	475,756,809

**Samson Cree Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2016*

	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Receipts from government sources	<b>31,928,575</b>	29,821,411
Receipts from trust funds	<b>21,655,762</b>	28,883,337
Receipts from other sources	<b>18,682,229</b>	20,702,716
Paid to suppliers and employees	<b>(74,737,666)</b>	(65,411,825)
Interest paid	<b>(1,372,450)</b>	(1,174,310)
	<b>(3,843,550)</b>	12,821,329
<b>Financing activities</b>		
Advances of bank indebtedness, net of repayments	<b>82,002</b>	397,689
Advances of long-term debt	<b>1,310,400</b>	2,459,123
Repayment of long-term debt	<b>(2,507,758)</b>	(1,802,272)
	<b>(1,115,356)</b>	1,054,540
<b>Capital and investing activities</b>		
Proceeds on disposal of tangible capital assets	<b>3,597,036</b>	734,191
Purchase of tangible capital assets	<b>(5,109,327)</b>	(3,878,911)
Purchase of oil and gas properties	<b>(47,981)</b>	(58,360)
Purchase of investments	<b>-</b>	(500,000)
Proceeds on disposal of investments	<b>22,500</b>	298,455
	<b>(1,537,772)</b>	(3,404,625)
<b>Increase (decrease) in cash resources</b>	<b>(6,496,678)</b>	10,471,244
<b>Cash resources, beginning of year</b>	<b>15,363,380</b>	4,892,136
<b>Cash resources, end of year</b>	<b>8,866,702</b>	15,363,380

**1. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards except as noted in the following accounting policy:

***Reporting entity consolidated***

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, revenue and expenses of the Nation including the accounts of the following unincorporated entities and limited companies:

- Samson Tribal Enterprises Ltd.
- Samson Management Ltd.
- Samson Management (2009) Ltd.
- Samson Management Limited Partnership
- Samson Cree Nation Business Trust
- Samson Education Trust Fund
- Parcan Developments Inc.
- Mikhwan Financial Advisory Inc.
- Samson Oil & Gas Inc.
- Samson Energy Services and Construction 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 online and at the head office location for both Peace Hills Trust Company and Peace Hills General Insurance Company. See Note 18 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.

The following accounting policies are in accordance with Canadian public sector accounting standards:

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

***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 and inventory held for use. Inventory held for use consists of buffalo, gravel and grain, seed and silage.

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

***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 are determined as its financial assets less its liabilities. Net financial assets are comprised of two components, non-financial assets and accumulated surplus.

***Revenue recognition***

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

The Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the Nation records externally restricted inflows in deferred revenue.

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 revenue 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.

Other revenues are recorded when received or receivable.

***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 revenue and expenses reported in the consolidated statement of operations. The consolidated statement of operations reports the extent to which revenue 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 consolidated 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 consolidated statement of operations. Interest and dividends attributable to all financial instruments are reported in the consolidated 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.

**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 revenue 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 revenue 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.

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

***Segments***

The Nation conducts its business through the following 10 reportable segments: Governance, Operational Support, Justice, Community Wellness / Family Support, Infrastructure, Education, Nation Projects, Nation Businesses, Cold Lake / KHTF Projects 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.

***Liability for contaminated sites***

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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

The preparation of 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 expenses 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. Depletion of oil and gas properties is based on estimates by independent petroleum engineers. Deferred revenue is based upon estimates of expended amounts and amounts required to complete specific projects. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in surplus in the years in which they become known.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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

**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 consolidated 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 consolidated 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 consolidated statement of remeasurement gains and losses.

**2. Cash**

	2016	2015
<b>Nation Departments:</b>		
Payroll	832,887	89,621
Treasury - includes GIC of \$1,750,000 (2015 - \$nil)	2,476,956	7,052,179
Social Development	130,416	537,971
Operations	86,140	(542,767)
Nipisihkopahk Education Authority	50,544	12,285
First Nations Development Fund	40,094	318,869
CMHC Innovative Housing Program	38,773	42,549
Community Wellness	35,048	171,270
Maskwacis Youth Initiatives	10,290	227,717
Human Resources (HRDC)	9,242	19,697
Per Capita Distribution	(10,672)	(10,035)
	<b>3,699,718</b>	<b>7,919,356</b>
<b>Other Entities:</b>		
Parcan Developments - includes GIC of \$100,000 (2015 - \$100,000)	448,867	382,762
Samson Oil & Gas	13,406	(22,584)
Samson Tribal Enterprises	-	34,888
Bingo	178,588	336,639
Mihkwan Financial Advisory	433,056	232,754
RCMP	155,935	236,786
Samson Management	2,198,178	1,160,854
Maskwacis Ambulance Authority - includes GIC of \$325,000 (2015 - \$325,000)	1,274,369	952,793
Cash held in trust - Sasakamoose Law Office - sale of Cold Lake properties	-	3,722,850
Corporate Trust	317,949	317,631
Samson Cree Medical Services	146,636	88,651
	<b>5,166,984</b>	<b>7,444,024</b>
	<b>8,866,702</b>	<b>15,363,380</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**3. Accounts receivable**

	<b>2016</b>	<b>2015</b>
Nation Departments:		
First Nations Development Fund	<b>400,324</b>	397,432
Human Resources and Skills Development Canada	-	141,882
Canada Mortgage and Housing Corporation	<b>6,078</b>	-
Government of Canada - RCMP building	<b>130,987</b>	45,357
Indigenous and Northern Affairs Canada - receivables and PAYE	<b>1,049,832</b>	715,713
Service Canada - Change it Up	<b>19,657</b>	30,954
	<b>1,606,878</b>	1,331,338
Other Entities:		
Samson Management	<b>1,709,612</b>	3,225,360
Parcan Developments	<b>699,905</b>	741,832
Samson Tribal Enterprises	<b>469,585</b>	468,210
Samson Oil & Gas	<b>1,276,786</b>	780,082
Non-coterminous year-end adjustment - Samson Oil & Gas	<b>27,217</b>	-
Advances - Mihkwan Financial Advisory	<b>799,539</b>	701,512
Maskwacis Ambulance Authority	<b>343,067</b>	533,889
Samson Cree Medical Services	<b>96,180</b>	35,215
Advances to Lubicon Lake Nation	<b>800,000</b>	800,000
	<b>6,221,891</b>	7,286,100
	<b>7,828,769</b>	8,617,438

**4. Inventory for resale**

Inventory for resale is held by Samson Management (2009) Ltd. and consists of the following:

	<b>2016</b>	<b>2015</b>
Tobacco (Gas Bar)	<b>93,553</b>	84,004
Confectionary (Gas Bar)	<b>30,129</b>	31,329
Fuel (Gas Bar)	<b>78,043</b>	58,516
Parts (Automotive)	<b>26,974</b>	28,850
Merchandise (Pharmacy)	<b>25,523</b>	15,559
Pharmaceuticals (Pharmacy)	<b>116,762</b>	106,786
Food (Subway)	<b>5,544</b>	5,544
Food (Grocery)	<b>49,848</b>	50,848
Food (Robins Donuts)	<b>17,131</b>	19,918
Artwork (Art Gallery)	<b>47,142</b>	27,853
	<b>490,649</b>	429,207

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**5. Capital funds held in trust**

	<b>2016</b>	<b>2015</b>
INAC capital trust	<b>862,276</b>	886,323
Suspense account (membership)	<b>539,092</b>	528,224
Share of Four Nations trust accounts	<b>260,365</b>	446,326
	<b>1,661,733</b>	1,860,873
<b>Summary of Activity:</b>		
Balance, beginning of year	<b>1,860,873</b>	1,657,021
Interest revenue	<b>10,868</b>	12,423
Oil and gas royalties	<b>187,251</b>	545,109
Transfer to Kisoniyaminaw Heritage Trust Fund	<b>(397,259)</b>	(353,680)
Balance, end of year	<b>1,661,733</b>	1,860,873

**6. Revenue funds held in trust**

	<b>2016</b>	<b>2015</b>
INAC revenue account	<b>524,022</b>	149,235
Suspense account (oil & gas)	<b>97,334</b>	81,815
	<b>621,356</b>	231,050
<b>Summary of Activity:</b>		
Balance, beginning of year	<b>231,050</b>	845,937
Interest revenue	<b>25,861</b>	38,109
Oil and gas royalties	<b>364,445</b>	347,004
Withdrawal of band funds	<b>-</b>	(1,000,000)
Balance, end of year	<b>621,356</b>	231,050

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**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 KHTF shall not impair, reduce or negatively affect the treaty rights of the Nation and its present and future members or the treaty obligations of the Government 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 Councillors cannot be trustees. Moreover, no officer, employee or agent of the Nation can be a trustee.

	2016	2015
<b>Summary of Activity:</b>		
Net assets, beginning of year	453,093,691	431,265,450
Transfer from Capital Funds Held in Trust	397,259	353,680
Investment income and realized gains	50,624,808	42,819,109
Unrealized gains (losses)	(59,422,134)	5,625,073
Investment management fees	(1,687,310)	(1,738,350)
Commissions	(150,443)	(129,395)
Trustee honoraria	(254,101)	(202,952)
Custodial	(149,622)	(148,674)
Administration and annual report	(66,128)	(151,011)
Professional fees	(126,017)	(119,039)
Trustee expenses	(10,317)	(23,095)
Transfers to programs	(17,898,922)	(24,457,105)
<b>Net assets, end of year</b>	<b>424,350,764</b>	<b>453,093,691</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.

	2016	2015
<b>Summary of Activity:</b>		
Net assets, beginning of year	29,667,763	28,053,852
Unrealized gains (losses)	(1,481,589)	290,063
Investment income and realized gains	2,232,484	2,237,551
Travel and training	(6,909)	(8,310)
Education incentives, awards and student benefits	(763,897)	(618,320)
Fundraising - golf tournament	(7,359)	(2,150)
Board and committee fees	(56,791)	(65,575)
Professional fees	(13,693)	(10,740)
Office expenses	(14,795)	(16,202)
Investment management fees	(126,018)	(123,713)
Salaries, wages and benefits	(73,439)	(68,693)
<b>Net assets, end of year</b>	<b>29,355,757</b>	<b>29,667,763</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**9. Investments**

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Advances</i>	<i>Cumulative earnings (loss)</i>	<i>2016 Total investment</i>
<b>Investments - at cost:</b>				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000
<b>Nation Business Partnerships – modified equity:</b>				
SEM Limited Partnership - (33%)	5,000,000	500,000	625,897	6,125,897
	<b>5,160,000</b>	<b>500,000</b>	<b>625,897</b>	<b>6,285,897</b>

  

	<i>Investment cost</i>	<i>Advances</i>	<i>Cumulative earnings (loss)</i>	<i>2015 Total investment</i>
<b>Investments - at cost:</b>				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000
<b>Nation Business Partnerships – modified equity:</b>				
SEM Limited Partnership - (33%)	5,000,000	500,000	(99,913)	5,400,087
	<b>5,160,000</b>	<b>500,000</b>	<b>(99,913)</b>	<b>5,560,087</b>

The Nation's investment in SEM Limited Partnership was made for the purposes of earning investment income. Summary financial information is as follows and represents 100% of the assets, liabilities, revenue and expenses of SEM Limited Partnership:

	<i>As at March 31, 2016</i>
<b>Assets</b>	
Cash	2,781,563
Accounts receivable	6,297,330
Inventory	236,667
Prepaid expenses	96,081
GIC's	200,000
Property, plant and equipment	10,419,125
<b>Total assets</b>	<b>20,030,766</b>
<b>Liabilities</b>	
Accounts payable and accruals	2,948,840
BC Lottery Corp. cash float	600,000
Due to related parties	5,000,000
Obligations under capital lease	604,134
<b>Total liabilities</b>	<b>9,152,974</b>
<b>Net assets</b>	<b>10,877,792</b>
<b>Total revenue</b>	<b>13,838,553</b>
<b>Total expenses</b>	<b>13,838,553</b>
<b>Net income</b>	<b>-</b>

For the year ended March 31, 2015, SEM Limited Partnership restated its comparative financial statements resulting in a reduction of operating losses for the 2006 and 2007 fiscal years in the amounts of \$2,155,190 and \$22,240 respectively. The Nation's share in the resulting increase in equity of \$725,810 has been recorded in the consolidated statement of operations and accumulated surplus in the current year.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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

As at March 31, 2016, 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 (2015 - \$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, 2016, no liabilities have been recorded in association with this guarantee by the Nation.

**10. Oil and gas properties**

	2016	2015
Samson Oil & Gas:		
Cost	7,950,259	7,902,278
Accumulated depletion	(5,719,954)	(5,536,329)
	<b>2,230,305</b>	2,365,949

**11. Bank indebtedness**

Bank indebtedness consists of the following credit facilities:

	2016	2015
Samson Tribal Enterprises:		
BMO operating line of credit	1,431,783	1,354,781
Samson Management:		
RBC Royal Bank revolving demand facility	10,000	5,000
	<b>1,441,783</b>	1,359,781

As at March 31, 2016, the prime interest rate was 2.70% (2015 - 2.85%).

**Samson Tribal Enterprises:**

BMO operating line of credit with a maximum facility bearing interest at prime plus 1.875%, authorized to a maximum of \$2,000,000 (2015 - \$1,650,000), of which \$1,431,783 (2015 - \$1,354,781) was drawn at year-end.

This credit facility, along with the BMO term loans disclosed in Note 14, are secured by a corporate guarantee by Samson Cree Nation, the company's sole shareholder, in the amount of \$6,950,000 (2015 - \$5,400,000); 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 BMO 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, 2016, the company was not in compliance with the debt servicing ratio requirement. As a result of this violation, the BMO term loans have been reclassified as a current liability.

**Samson Management:**

RBC Royal Bank revolving demand facility bearing interest at prime plus 2.0% per annum, authorized to a maximum of \$500,000 (2015 - \$500,000), of which \$10,000 (2015 - \$5,000) was drawn at year-end.

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 Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**11. Bank indebtedness** *(Continued from previous page)*

**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 (2015 - \$315,000), of which \$nil (2015 - \$nil) was drawn at year-end.

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.

**12. Accounts payable and accruals**

	<b>2016</b>	<b>2015</b>
Nation programs and services	<b>951,486</b>	514,495
Other Entities:		
Samson Oil & Gas	<b>1,458,107</b>	1,374,247
Samson Tribal Enterprises	<b>621,161</b>	667,835
Parcan Developments	<b>175,859</b>	205,945
Samson Management	<b>1,038,976</b>	350,774
Non-coterminous year-end adjustment - Samson Management	-	3,722,850
Maskwacis Ambulance Authority	<b>69,285</b>	82,098
Samson Cree Medical Services	<b>39,538</b>	39,538
Bingo	<b>356,913</b>	514,963
	<b>3,759,839</b>	6,958,250
	<b>4,711,325</b>	7,472,745

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**13. Deferred revenue**

Deferred revenue consists of revenue that has not yet been allocated to projects, revenue that has been allocated to projects to be carried out in future years, and the unexpended portion of revenue on projects in progress at March 31, 2016.

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	223,057	1,580,278	1,612,780	<b>190,555</b>
Human Resources and Skills Development Canada	51,357	1,722,691	1,751,232	<b>22,816</b>
Kisinyaminaw Heritage Trust Fund	7,457,105	18,148,922	25,606,027	-
Other revenue - Enhanced Service Delivery	431,477	124,971	127,304	<b>429,144</b>
Other revenue - Human Resources	114,359	81,625	195,984	-
Other revenue - Economic Development	-	140,317	15,317	<b>125,000</b>
Other revenue - Maskwacis Youth Initiatives	-	646,955	625,829	<b>21,126</b>
Cold Lake land sales - fire supplement	-	70,000	-	<b>70,000</b>
Cold Lake land sales - cemetery	-	6,811	-	<b>6,811</b>
Cold Lake land sales - cree language	-	161,234	-	<b>161,234</b>
Cold Lake land sales - post secondary	-	549,433	-	<b>549,433</b>
Cold Lake land sales - school projects	-	76,811	-	<b>76,811</b>
Cold Lake land sales - justice projects	-	64,802	-	<b>64,802</b>
Cold Lake land sales - PDD	-	191,866	-	<b>191,866</b>
Cold Lake land sales - legal costs	-	35,653	-	<b>35,653</b>
Cold Lake land sales - subdivision	-	99,238	-	<b>99,238</b>
Cold Lake land sales - tree planting	-	3,165	-	<b>3,165</b>
Cold Lake land sales - consultation	-	300,000	-	<b>300,000</b>
Cold Lake land sales - economic development	-	21,967	-	<b>21,967</b>
Cold Lake land sales - solar panels	-	140,000	-	<b>140,000</b>
Cold Lake land sales - inter agency	-	730,859	-	<b>730,859</b>
Cold Lake land sales - water - nipi	-	129,535	-	<b>129,535</b>
Cold Lake land sales - Samson Open Golf	-	22,680	-	<b>22,680</b>
Cold Lake land sales - Mameo	-	68,845	-	<b>68,845</b>
Indigenous and Northern Affairs Canada - NT90 - Economic Development Opportunities	-	25,346,039	25,096,039	<b>250,000</b>
	<b>8,277,355</b>	<b>50,464,697</b>	<b>55,030,512</b>	<b>3,711,540</b>

**14. Long-term debt and term loans**

	<b>2016</b>	<b>2015</b>
Samson Cree Nation - RBC Royal Bank fixed rate term loan payable at \$62,178 per month including interest at 4.40%, maturing November 2020, 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 constituting a first fixed charge on 8,370 acres of non-reserve land owned by Samson Tribal Enterprises Ltd.	<b>4,337,347</b>	4,604,900
Samson Cree Nation - RBC Royal Bank fixed rate term loan payable at \$59,446 per month including interest at 3.51%, maturing November 2017, 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 constituting a first fixed charge on 8,370 acres of non-reserve land owned by Samson Tribal Enterprises Ltd.	<b>1,152,651</b>	1,810,129
Samson Cree Nation - RBC Royal Bank fixed rate term loan repaid during the year.	-	451,299

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**14. Long-term debt and term loans** *(Continued from previous page)*

	2016	2015
Samson Cree Nation - CMHC Direct Lending financing repayable at \$8,553 per month including interest at 2.35% per annum, maturing September 2018, secured by INAC Ministerial guarantee and CMHC insurance.	1,113,655	1,189,427
Samson Cree Nation - CMHC Direct Lending financing repayable at \$6,634 per month including interest at 2.40% per annum, maturing May 2016, secured by INAC Ministerial guarantee and CMHC insurance.	967,332	1,023,217
Samson Cree Nation - CMHC Direct Lending financing repayable at \$4,631 per month including interest at 1.80% per annum, maturing May 2017, secured by INAC Ministerial guarantee and CMHC insurance.	770,243	811,658
Samson Cree Nation - CMHC Direct Lending financing repayable at \$3,067 per month including interest at 1.62% per annum, maturing March 2018, secured by INAC Ministerial guarantee and CMHC insurance.	396,734	426,901
Samson Cree Nation - CMHC Direct Lending financing repayable at \$2,017 per month including interest at 1.62% per annum, maturing March 2018, secured by INAC Ministerial guarantee and CMHC insurance.	260,861	280,696
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,559 per month including interest at 2.37% per annum, maturing June 2016, secured by INAC Ministerial guarantee and CMHC insurance.	169,265	183,817
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,284 per month including interest at 2.37% per annum, maturing June 2016, secured by INAC Ministerial guarantee and CMHC insurance.	139,423	151,409
Samson Cree Nation - First Nations Bank financing for RCMP building repayable at \$40,287 per month including interest at 4.25%, due May 2019. 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.	4,867,226	5,136,944
Parcan Developments - Canadian Western Bank mortgage, repayable in monthly payments of \$42,708 plus interest at prime plus 1.25%, maturing October 2016, secured by a promissory note; a general security agreement covering all assets; an assignment of rents and leases; demand commercial first mortgage of leaseholder interest in the amount of \$5,000,000 on real property; commitment letter executed by the borrower; unconditional and unlimited environmental agreement and indemnity; assignment of all risk casualty and liability insurance; authorization and granting of security from the Nation consenting to the mortgage on the properties; a solicitor's letter of opinion; a letter of consent from Parks Canada agreeing to the mortgage of the leaseholder interest; and a creditor life insurance waiver.	3,373,958	3,886,458
Samson Management - Mortgage payable to developer bearing interest at 9.08% per annum. Subsequent to year-end, funds were advanced to developer from ATB Financial resulting in a mortgage payable in monthly instalments of \$6,810 including interest at 3.85%, maturing September 2018, secured by specific tangible capital assets with a carrying amount of \$2,283,892, a general security agreement, guarantees, and postponement and assignment of claims.	1,256,918	-
Samson Management - First National Financial LP mortgages bearing interest at 3.21%, payable in monthly instalments of \$2,139 and \$3,193 including interest, maturing December 2016, secured by specific real estate properties, a general security agreement, guarantees and postponement and assignment of claims.	978,247	1,013,974

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**14. Long-term debt and term loans** *(Continued from previous page)*

	2016	2015
Samson Tribal Enterprises - BMO term loans bearing interest ranging from prime plus 1.50% to prime plus 2.375% paid monthly, payable in annual principal instalments ranging from \$1,200 to \$122,100, maturing from April 2016 to January 2022, secured as disclosed in Note 11.	3,341,530	3,345,507
Samson Tribal Enterprises - John Deere Financial loan repaid during the year.	-	6,412
	<b>23,125,390</b>	24,322,748
Less: current portion of long-term debt and term loans including reclassification due to violation of financial covenants	5,703,730	12,249,463
	<b>17,421,660</b>	12,073,285

Principal repayments on long-term debt and term loans 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:

2017	2,695,663
2018	2,484,761
2019	1,981,337
2020	5,661,204
2021	2,954,360
Thereafter	7,348,065

Long-term debt with First Nations Bank is subject to certain financial covenants with respect to debt service coverage ratio. As at March 31, 2016, the Nation is in compliance with all such covenants.

**15. Inventory held for use**

Inventory held for use relates to Samson Tribal Enterprises and consists of: buffalo of \$94,619 (2015 - \$45,876); gravel of \$38,330 (2015 - \$457,936); and grain, seed and silage of \$750,271 (2015 - \$1,197,215).

**16. Contingencies**

In the normal conduct of operations, there are pending claims by and against the Nation. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these other litigations will not materially affect the Nation's financial position or results of operations.

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments, that may include repayment of amounts funded, could be made based on the results of their reviews.

**17. 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.

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

***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 investments held within the Kisoniyaminaw Heritage Trust Fund and the Samson Education Trust Fund, 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 its investments held within the Kisoniyaminaw Heritage Trust Fund and the Samson Education Trust Fund and certain long-term debt amounts which bear interest at rates agreed upon at the time of issuance.

***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 its investments held within 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 is exposed to credit risk primarily through its accounts receivable. As at March 31, 2016, one government funding agency and one other entity accounted for 24% of accounts receivable.

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 its investments held within 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.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**18. 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 The Office of the Superintendent of Financial Institutions ("OFSI"), Canada Deposit Insurance Corporation ("CDIC"), Canada Revenue Agency ("CRA") 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 Alberta Superintendent of Financial Institutions ("ASFI"), CRA 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.

**19. Budget information**

The disclosed budget information has been approved by Chief and Council. Budgets for departments and projects not disclosed in the various schedules were not prepared by the Nation's management.

**20. Comparative figures**

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