

Samson Cree Nation
Consolidated Financial Statements
March 31, 2018

Samson Cree Nation Contents

For the year ended March 31, 2018

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Management's Responsibility

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.

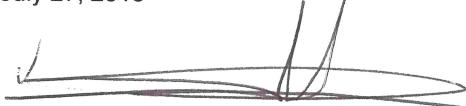
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 fulfills 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 27, 2018



Vernon Saddleback

Chief



Marvin Yellowbird

Councillor

Independent Auditors' Report

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, 2018, 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 19 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 government business enterprises with those of the reporting enterprise. Had these entities been consolidated, total net assets and accumulated surplus would increase by \$134,130,348 in 2018 and \$135,641,443 in 2017, and surplus would decrease by \$1,511,095 in 2018 and \$4,434,396 in 2017.

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, 2018 and the results of its operations, 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 27, 2018

MNP LLP

Chartered Professional Accountants

Samson Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Current		
Cash <i>(Note 3)</i>	9,672,358	8,083,857
Accounts receivable <i>(Note 4)</i>	16,948,192	9,046,833
Inventory for resale <i>(Note 5)</i>	602,449	619,628
Subtotal of current assets	27,222,999	17,750,318
Capital funds held in trust <i>(Note 6)</i>	1,623,383	1,522,866
Revenue funds held in trust <i>(Note 7)</i>	439,454	83,829
Kisoniyaminaw Heritage Trust Fund <i>(Note 8)</i>	484,956,110	470,851,857
Samson Education Trust Fund <i>(Note 9)</i>	34,922,446	31,213,453
Investments <i>(Note 10)</i>	160,000	5,560,087
Oil and gas properties <i>(Note 11)</i>	1,621,385	2,064,755
Total financial assets	550,945,777	529,047,165

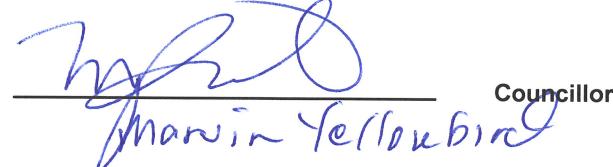
Samson Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Liabilities		
Current		
Bank indebtedness (Note 11)	2,537,298	1,925,873
Accounts payable and accruals (Note 12)	4,079,523	4,970,044
Deferred revenue (Note 13)	15,848,785	5,234,271
Current portion of long-term debt and term loans (Note 14)	7,841,658	5,733,362
Subtotal of current liabilities	30,307,264	17,863,550
Long-term debt and term loans (Note 14)	17,346,026	16,257,641
Total financial liabilities	47,653,290	34,121,191
Net financial assets	503,292,487	494,925,974
Guarantees (Note 11), (Note 14)		
Contingencies (Note 16)		
Non-financial assets		
Tangible capital assets (Schedule 1)	73,947,810	72,488,392
Inventory held for use (Note 15)	363,702	576,408
Total non-financial assets	74,311,512	73,064,800
Accumulated surplus	577,603,999	567,990,774
Accumulated surplus is comprised of:		
Accumulated surplus	575,843,998	504,619,154
Accumulated remeasurement gains	1,760,001	63,371,620
	577,603,999	567,990,774

Approved on behalf of the Board


 Vernon Saddleback

Chief


 Marvin Yellowbird

Councillor

Samson Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018 Actual</i>	<i>2017 Actual</i>
Revenue				
Government funding				
Indigenous Services Canada	31,692,533	31,692,533	29,156,817	
First Nations and Inuit Health Branch	2,544,034	2,544,034	2,376,951	
Employment and Social Development Canada	1,659,106	1,659,106	2,035,170	
Canada Mortgage and Housing Corporation	1,236,020	1,236,020	479,695	
First Nations Development Fund	621,250	621,250	1,491,617	
Government of Canada - RCMP building	547,147	547,147	544,282	
	38,300,090	38,300,090	36,084,532	
Samson Management - Gas Bar	-	10,893,076	10,373,146	
Samson Management - Real Estate	-	1,519,506	1,445,844	
Samson Management - Roots & Berries	-	1,068,890	1,223,599	
Samson Management - Maskwepetoon Automotive	-	588,661	469,088	
Samson Management - Robins Donuts	-	509,660	509,084	
Samson Management - Subway	-	452,206	404,056	
Samson Management - Administration	-	338,565	367,548	
Samson Management - A Buck or Two Plus!	-	262,457	135,043	
Samson Management - Art Gallery	-	214,645	173,060	
Samson Management - Grocery	-	-	344,842	
Samson Management - Off Reserve Housing	-	-	160,045	
Samson Tribal Enterprises	-	3,807,809	4,473,558	
Maskwacis Ambulance Authority	-	4,586,519	4,363,970	
Parcan Developments	-	2,006,260	1,854,448	
Bear Hills Industries	-	1,061,238	1,201,296	
Bingo	-	1,948,823	1,765,994	
Samson Cree Medical Services	-	492,497	1,229,523	
Other revenue	-	6,695,514	5,305,959	
Peace Hills General Insurance dividend	-	126,000	138,134	
GST refunds	-	87,381	87,819	
Family Violence	-	43,415	51,076	
Capital funds held in trust (Note 6)	-	302,590	94,998	
Revenue funds held in trust (Note 7)	-	355,625	414,249	
Kisoniyaminaw Heritage Trust Fund (Note 8)	21,653,737	99,341,022	35,540,658	
Samson Education Trust Fund (Note 9)	-	1,932,790	1,114,538	
Cold Lake land sales (Note 14)	-	400,000	1,772,899	
Kisoniyaminaw Heritage Trust Fund - deferred revenue (Note 14)	(2,046,243)	(2,046,243)	(20,467)	
Peace Hills Trust dividend	-	13,200	495,750	
Share of loss of SEM Resort Limited Partnership	-	-	(725,810)	
	57,907,584	175,302,196	110,848,479	

Continued on next page

Samson Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018 Actual</i>	<i>2017 Actual</i>
Total revenue <i>(Continued from previous page)</i>		57,907,584	175,302,196	110,848,479
Expenses				
Governance Segment	3	6,668,946	6,766,222	6,456,054
Operational Support Segment	4	3,152,099	3,377,490	3,704,132
Justice Segment	5	1,663,834	1,726,846	1,748,373
Community Wellness & Family Support Segment	6	11,395,851	12,349,155	12,673,101
Infrastructure Segment	7	8,262,789	8,409,923	9,009,412
Education Segment	8	17,364,544	19,621,011	15,900,981
Nation Projects Segment	9	7,588,411	10,297,263	9,931,792
Nation Businesses Segment	10	-	31,706,824	31,482,944
Cold Lake & KHTF Projects Segment	11	-	-	1,773,113
Other Programs Segment	12	-	3,397,283	3,207,904
Total expenses		56,096,474	97,652,017	95,887,806
Surplus before other items		1,811,110	77,650,179	14,960,673
Other income (expense)				
Gain on disposal of Bear Hills Industries tangible capital assets		-	32,847	500
Gain (loss) on disposal of Samson Tribal Enterprises tangible capital assets		-	(11,092)	53,584
Depletion of oil and gas properties <i>(Note 11)</i>		-	(127,186)	(170,980)
Loss on disposal of SEM Resort Limited Partnership <i>(Note 10)</i>		-	(1,787,669)	-
Amortization <i>(Schedule 1)</i>		-	(4,532,235)	(4,796,415)
		-	(6,425,335)	(4,913,311)
Surplus		1,811,110	71,224,844	10,047,362
Accumulated surplus, beginning of year		504,619,154	504,619,154	494,571,792
Accumulated surplus, end of year		506,430,264	575,843,998	504,619,154

Samson Cree Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2018

	2018	2017
Accumulated remeasurement gains, beginning of year	63,371,620	29,781,390
Unrealized gains attributable to:		
Portfolio investments in KHTF and SETF	22,575,217	57,825,345
Amounts reclassified to the statement of operations and accumulated surplus:		
Portfolio investments in KHTF and SETF	(84,186,836)	(24,235,115)
Change in remeasurement gains, for the year	(61,611,619)	33,590,230
Accumulated remeasurement gains, end of year	1,760,001	63,371,620

Samson Cree Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Surplus			
Purchases of tangible capital assets	1,811,110	71,224,844	10,047,362
Amortization of tangible capital assets	(1,811,110)	(6,180,443)	(2,516,739)
Proceeds on disposal of tangible capital assets	-	4,532,235	4,796,415
Gain on disposal of tangible capital assets	-	210,545	54,084
Use of inventory held for use	-	(21,755)	(54,084)
Change in remeasurement gains	-	212,706	306,812
	-	(61,611,619)	33,590,230
Increase in net financial assets	-	8,366,513	46,224,080
Net financial assets, beginning of year	494,925,974	494,925,974	448,701,894
Net financial assets, end of year	494,925,974	503,292,487	494,925,974

Samson Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Receipts from government sources	37,212,713	39,238,066
Receipts from trust funds	24,117,730	22,822,278
Receipts from other sources	15,150,164	17,396,891
Cash paid to suppliers and employees	(75,736,704)	(75,805,976)
Interest paid	(1,049,398)	(1,435,990)
	(305,495)	2,215,269
Financing activities		
Advances of bank indebtedness, net of repayments	611,425	484,090
Advances of long-term debt and term loans	6,798,645	1,563,289
Repayment of long-term debt and term loans	(3,601,964)	(2,697,676)
	3,808,106	(650,297)
Capital and investing activities		
Proceeds on disposal of tangible capital assets	210,545	54,084
Purchase of tangible capital assets <i>(Schedule 1)</i>	(6,180,443)	(2,516,739)
Disposals of (additions to) oil and gas properties	443,370	(5,430)
Proceeds on disposal of investments <i>(Note 10)</i>	3,612,418	-
	(1,914,110)	(2,468,085)
Increase (decrease) in cash resources	1,588,501	(903,113)
Cash resources, beginning of year	8,083,857	8,986,970
Cash resources, end of year	9,672,358	8,083,857

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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.
- Mihkwan Financial Advisory Inc.
- Bear Hills Industries Ltd.
- 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) - disposed of during the year as disclosed in Note 10.

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 19 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 sileage.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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 combined with non-financial assets comprises a second indicator of financial position, 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, including investment income earned by Kisoniyaminaw Heritage Trust Fund and Samson Education Trust Fund, 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 and accumulated surplus. The consolidated statement of operations and accumulated surplus 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 consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations and accumulated surplus. Interest and dividends attributable to all financial instruments are reported in the consolidated statement of operations and accumulated surplus.

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.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

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.

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 proven 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 declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

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

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

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.

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 First 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, 2018.

At each financial reporting date, the First 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 First 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.

At year-end, there was no liability recorded for contaminated sites.

Measurement uncertainty (use of estimates)

The preparation of consolidated 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, 2018

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. Change in accounting policies

Effective April 1, 2017, the Nation adopted the recommendations relating to the following sections, as set out in the CPA Canada Public Sector Accounting Standards Handbook:

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There were no material impacts on the consolidated financial statements of adopting the new sections.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

3. Cash

	2018	2017
Nation Departments:		
Payroll	(88,123)	178,345
Treasury and Operations	3,567,333	897,862
Social Development	476,516	405,483
Nipisihkopahk Education Authority	(79,234)	65,023
First Nations Development Fund	541,372	165,623
CMHC Innovative Housing Program	573,930	2,150,986
Community Wellness	85,201	(16,421)
Maskwacis Youth Initiatives	325,397	167,340
Human Resources (ESD, formerly HRDC)	145,618	186,895
Per Capita Distribution	(16,774)	94,444
GIC	-	200,000
	5,531,236	4,495,580
Other Entities:		
Parcan Developments - includes GIC of \$100,000 (2017 - \$100,000)	245,897	223,812
Bear Hills Industries	21,465	20,222
Bingo	324,762	85,226
Minkwan Financial Advisory	382,142	454,810
RCMP	117,889	155,630
Samson Management	983,997	1,353,164
Maskwacis Ambulance Authority - includes GIC of \$325,000 (2017 - \$325,000)	1,164,076	708,043
Corporate Trust	318,561	318,243
Samson Cree Medical Services	582,333	269,127
	4,141,122	3,588,277
	9,672,358	8,083,857

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Accounts receivable

	2018	2017
Nation Departments:		
First Nations Development Fund	350,767	351,493
Employment and Social Development Canada	-	237,415
Canada Mortgage and Housing Corporation	-	4,556
Government of Canada - RCMP building	176,343	136,069
Indigenous Services Canada - receivables and PAYE	10,168,891	349,152
Group IAP	-	60,170
	10,696,001	1,138,855
Other Entities:		
Samson Management	2,184,465	1,765,726
Parcan Developments	639,300	793,124
Samson Tribal Enterprises	381,551	1,193,018
Bear Hills Industries	840,361	1,386,633
Non-coterminous year-end adjustment - Bear Hills Industries	-	228,272
Advances - Mihkwan Financial Advisory	614,503	759,458
Maskwacis Ambulance Authority	701,578	731,860
Samson Cree Medical Services	90,433	249,887
Advances to Lubicon Lake Nation	800,000	800,000
	6,252,191	7,907,978
	16,948,192	9,046,833

5. Inventory for resale

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

	2018	2017
Tobacco (Gas Bar)	118,176	98,074
Confectionary (Gas Bar)	31,388	50,980
Fuel (Gas Bar)	57,202	75,424
Parts (Automotive)	26,752	26,709
Merchandise (Pharmacy)	28,913	74,139
Pharmaceuticals (Pharmacy)	113,578	105,465
Food (Subway)	5,544	5,544
Merchandise (A Buck or Two Plus!)	106,857	99,242
Food (Robins Donuts)	17,131	17,131
Artwork (Art Gallery)	96,908	66,920
	602,449	619,628

The cost of inventories recognized as an expense and included in cost of sales amounts to \$11,555,411 (2017 - \$11,151,479).

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Capital funds held in trust

	2018	2017
Indigenous Services Canada capital trust	753,374	802,799
Suspense account (membership)	561,543	549,374
Share of Four Nations trust accounts	308,466	170,693
	<hr/>	<hr/>
	1,623,383	1,522,866
Summary of Activity:		
Balance, beginning of year	1,522,866	1,661,733
Interest revenue	12,169	10,282
Oil and gas royalties	290,421	84,716
Transfer to Kisoniyaminaw Heritage Trust Fund	(202,073)	(233,865)
	<hr/>	<hr/>
Balance, end of year	1,623,383	1,522,866

7. Revenue funds held in trust

	2018	2017
Indigenous Services Canada revenue account	401,653	43,697
Suspense account (oil & gas)	37,801	40,132
	<hr/>	<hr/>
	439,454	83,829
Summary of Activity:		
Balance, beginning of year	83,829	621,356
Interest revenue	23,261	21,956
Oil and gas royalties	332,364	392,293
Withdrawal of band funds	-	(951,776)
	<hr/>	<hr/>
Balance, end of year	439,454	83,829

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. 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.

	2018	2017
Summary of Activity:		
Net assets, beginning of year	470,851,857	424,350,764
Transfer from Capital Funds Held in Trust	202,073	233,865
Investment income and realized gains	99,341,022	35,540,658
Unrealized gains (losses)	(61,634,689)	31,717,925
Investment management fees	(1,482,594)	(1,440,049)
Commissions	(117,717)	(114,690)
Trustee honoraria	(220,909)	(220,909)
Custodial	(121,392)	(143,935)
Administration and annual report	(49,591)	(44,983)
Professional fees	(152,973)	(109,582)
Trustee expenses	(5,240)	(4,609)
Transfers to programs	(21,653,737)	(18,912,598)
Net assets, end of year	484,956,110	470,851,857

9. 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.

	2018	2017
Summary of Activity:		
Net assets, beginning of year	31,213,453	29,355,757
Unrealized gains	23,070	1,872,305
Investment income and realized gains	1,932,790	1,114,538
Travel and training	(11,055)	(7,097)
Education incentives, awards and student benefits	(913,498)	(812,225)
Fundraising - golf tournament	(11,316)	(13,117)
Board and committee fees	(60,342)	(70,570)
Professional fees	(10,540)	(11,500)
Office expenses	(10,536)	(13,319)
Investment management fees	(141,794)	(111,064)
Salaries, wages and benefits	(87,786)	(90,255)
Contribution from Samson Cree Nation	3,000,000	-
Net assets, end of year	34,922,446	31,213,453

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

10. Investments

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Advances</i>	<i>Cumulative earnings (loss)</i>	2018 Total investment
Investments - at cost:				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000
	<i>Investment cost</i>	<i>Advances</i>	<i>Cumulative earnings (loss)</i>	2017 Total investment
Investments - at cost:				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000
Nation Business Partnerships – modified equity:				
SEM Resort Limited Partnership - (33%)	5,000,000	500,000	(99,913)	5,400,087
	5,160,000	500,000	(99,913)	5,560,087

During the year, the Nation disposed of its interest in SEM Resort Limited Partnership for proceeds of \$3,612,418 (2017 - \$nil) resulting in a loss on disposal of \$1,787,669 (2017 - \$nil).

11. Oil and gas properties

	2018	2017
Bear Hills Industries:		
Cost	7,639,505	7,955,689
Accumulated depletion	(6,018,120)	(5,890,934)
	1,621,385	2,064,755

12. Bank indebtedness

Bank indebtedness consists of the following credit facilities:

	2018	2017
Samson Tribal Enterprises:		
BMO operating line of credit	2,045,473	1,851,873
Samson Management:		
CIBC revolving demand facility	491,825	-
RBC revolving demand facility	-	74,000
	491,825	74,000
	2,537,298	1,925,873

As at March 31, 2018, the prime interest rate was 3.45% (2017 - 2.70%).

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Bank indebtedness (Continued from previous page)

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 (2017 - \$2,000,000), of which \$1,925,517 (2017 - \$1,851,873) was drawn at year-end and outstanding cheques of \$119,956 (2017 - \$nil).

This credit facility, along with the BMO term loans disclosed in Note 15, are secured by a corporate guarantee by Samson Cree Nation, the company's sole shareholder, in the amount of \$5,400,000 (2017 - \$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, 2018, 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:

CIBC revolving demand facility bearing interest at prime plus 1.00% per annum authorized to a maximum of \$1,000,000 (2017 - \$nil) of which \$491,825 (2017 - \$nil) was drawn at year-end. In the prior year, bank indebtedness included an RBC revolving demand facility bearing interest at prime plus 2.0% per annum, authorized to a maximum of \$500,000 of which \$74,000 was drawn at year-end. The facility was extinguished during the year.

This facility, along with the CIBC term loan due on demand disclosed in Note 15, are secured by: a collateral mortgage in the amount of \$4,927,000 on specific land and improvements; a general assignment of rents and leases; assignment of fire and other perils property insurance; and a general security agreement giving first registered security interest (aside from the ATB Financial mortgage disclosed in Note 15). The facilities are also subject to certain restrictions with respect to liens on present and / or future assets.

13. Accounts payable and accruals

	2018	2017
Nation Departments:		
Nation programs and services	(62,449)	324,962
Other Entities:		
Bear Hills Industries	643,487	1,533,759
Samson Tribal Enterprises	1,807,525	1,770,800
Parcan Developments	201,554	179,982
Samson Management	884,820	726,010
Maskwacis Ambulance Authority	83,271	54,876
Samson Cree Medical Services	18,228	116,104
Samson Recreation Bingo	503,087	263,551
	<hr/> 4,141,972	<hr/> 4,645,082
	<hr/> 4,079,523	<hr/> 4,970,044

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

14. 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, 2018.

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>
Indigenous Services Canada - fixed contribution - construction of multi units	1,434,000	-	1,434,000	-
Indigenous Services Canada - fixed contribution - planning skills and development	200,000	-	200,000	-
Indigenous Services Canada - set contribution - energy systems	960,000	-	960,000	-
Indigenous Services Canada - fixed contribution - planning, mtsa infrastructure	-	500,000	-	500,000
Indigenous Services Canada - flexible contribution - wastewater > 1.5M	-	9,516,564	-	9,516,564
Indigenous Services Canada - fixed contribution - service delivery	-	1,274,350	1,117,354	156,996
First Nations Development Fund	208,658	1,480,969	621,250	1,068,377
Employment and Social Development Canada	91,223	1,694,596	1,659,106	126,713
Kisoniyaminaw Heritage Trust Fund	20,467	21,653,737	19,607,494	2,066,710
Other revenue - Education Administration	1,000,433	1,290,804	1,182,715	1,108,522
Other revenue - Traditional Land Use Study	367,355	718,564	935,730	150,189
Other revenue - Maskwacis Youth Initiatives	33,626	864,919	898,545	-
Other revenue - Human Resources	18,509	103,441	121,950	-
Other revenue - Staff Association	-	42,518	22,367	20,151
Other revenue - Daycare	-	58,904	34,204	24,700
Other revenue - Energy Audit	-	845,256	722,193	123,063
Peace Hills Trust dividend	-	500,000	13,200	486,800
Cold Lake land sales - post secondary	200,000	-	200,000	-
Cold Lake land sales - inter agency	700,000	-	200,000	500,000
	5,234,271	40,544,622	29,930,108	15,848,785

15. Long-term debt and term loans

	<i>2018</i>	<i>2017</i>
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.	3,179,728	3,770,869
Samson Cree Nation - RBC Royal Bank fixed rate term loan bearing interest at 3.51%, repaid in the year.	-	468,943
Samson Cree Nation - CMHC Direct Lending financing repayable at \$4,094 per month including interest at 1.05% per annum, maturing August 2021, secured by ISC Ministerial guarantee and CMHC insurance.	1,020,533	1,031,789

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

	2018	2017
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 ISC Ministerial guarantee and CMHC insurance.	956,532	1,035,985
Samson Cree Nation - CMHC Direct Lending financing repayable at \$6,120 per month including interest at 1.21% per annum, maturing May 2021, secured by ISC Ministerial guarantee and CMHC insurance.	842,082	905,024
Samson Cree Nation - CMHC Direct Lending financing repayable at \$4,631 per month including interest at 1.80% per annum, maturing May 2022, secured by ISC Ministerial guarantee and CMHC insurance.	683,631	728,022
Samson Cree Nation - CMHC Direct Lending financing repayable at \$3,067 per month including interest at 1.62% per annum, maturing May 2018, secured by ISC Ministerial guarantee and CMHC insurance.	334,879	366,049
Samson Cree Nation - CMHC Direct Lending financing repayable at \$2,017 per month including interest at 1.62% per annum, maturing May 2018, secured by ISC Ministerial guarantee and CMHC insurance.	220,190	240,685
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,469 per month including interest at 1.14% per annum, maturing June 2021, secured by ISC Ministerial guarantee and CMHC insurance.	137,549	153,531
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,210 per month including interest at 1.14% per annum, maturing June 2021, secured by ISC Ministerial guarantee and CMHC insurance.	113,298	126,463
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.	4,291,051	4,585,249
Samson Cree Nation - First Nations Bank financing for Kasohkowew Child Wellness Society (2012) building repayable at \$22,585 per month including interest at 4.65% with payments commencing June 2018, due May 2023. This financing relates to capital construction costs of the KCWS building, the cost of which is being recovered under a lease with Kasohkowew Child Wellness Society (2012) that will remain in place until the debt is repaid in full.	3,834,145	-
Parcan Developments - Canadian Western Bank mortgage, repayable in monthly payments of \$42,708 plus interest at prime plus 1.25%, maturing October 2018, 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.	2,348,958	2,861,458

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

	2018	2017
Samson Management - ATB Financial mortgage payable bearing interest at 3.85%, payable in monthly instalments of \$6,810 including interest, maturing September 2018, secured by specific real estate properties, a general security agreement, guarantees, and postponement and assignment of claims.	1,244,545	1,277,762
Samson Management - First National Financial LP mortgages bearing interest at 3.46%, repaid during the year.	-	944,974
Samson Management - CIBC term loan due on demand bearing interest at 4.45% per annum, payable in monthly installments of \$5,316 including interest, secured as disclosed in Note 12.	931,180	-
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 \$3,600 to \$122,100, maturing from January 2019 to January 2023, secured as disclosed in Note 12.	5,049,383	3,494,200
	25,187,684	21,991,003
Less: current portion of long-term debt and term loans including reclassifications due to violation of financial covenants and amounts due on demand	7,841,658	5,733,362
	17,346,026	16,257,641

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, is not subject to demand and long-term debt subject to refinancing is renewed, are estimated as follows:

2019	2,272,749
2020	2,308,277
2021	3,602,676
2022	1,704,588
2023	1,468,864
Thereafter	13,830,530

Samson Cree Nation:

Long-term debt with First Nations Bank related to the RCMP building is subject to certain financial covenants with respect to debt service coverage ratio. As at March 31, 2018, the Nation is in compliance with all such covenants.

Samson Management:

The ATB Financial mortgage payable is subject to certain financial covenants with respect to maintaining a debt service coverage ratio of no less than 1.20:1 pertaining to the investment property held as security. As at March 31, 2018, the company was in compliance with all such covenants.

16. Inventory held for use

Inventory held for use relates to Samson Tribal Enterprises and consists of gravel of \$105,721 (2017 - \$38,330) and grain, seed and sileage of \$257,981 (2017 - \$538,078).

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

17. 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.

18. 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 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. 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 First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First 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 First Nation's future net cash flows for the possibility of negative net cash flow.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

18. Financial instruments (Continued from previous page)

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 First Nation attempts to invest in a manner to protect against any adverse movements in the exchange rate.

19. 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.

20. 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.

21. Comparative figures

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