

Samson Cree Nation
Consolidated Financial Statements
March 31, 2019

Samson Cree Nation Contents

For the year ended March 31, 2019

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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 29, 2019



Councillor



Councillor

Independent Auditor's Report

To the Members of Samson Cree Nation:

Qualified Opinion

We have audited the consolidated financial statements of Samson Cree Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in Note 2 and Note 21 to the consolidated financial statements, commencing in the 2003 year, the Chief and Council of the 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 included, total net assets and accumulated surplus would increase by \$131,514,120 as at March 31, 2019 and \$134,889,348 as at March 31, 2018, and surplus would decrease by \$3,375,228 for the year ended March 31, 2019 and \$1,511,095 for the year ended March 31, 2018. Our audit opinion on the consolidated financial statements for the year ended March 31, 2018 was modified because of the effects of this departure from Canadian public sector accounting standards.

As discussed in Note 19 to the consolidated financial statements, subsequent to year-end, a judgment was issued in an ongoing lawsuit with respect to an overpayment of royalties to the Nation. The Nation's proportionate share of overpaid royalties and interest was calculated as \$7,882,765. As at March 31, 2019, a liability with respect to this amount has not been recorded in the consolidated financial statements, as the Nation does not admit liability and has filed an appeal with respect to the decision. Had the judgment amount been recorded, current liabilities would increase and accumulated surplus would decrease by \$7,882,765 as at March 31, 2019 and surplus would decrease by \$7,882,765 for the year ended March 31, 2019.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Edmonton, Alberta

July 29, 2019

MNP LLP

Chartered Professional Accountants

MNP
LLP

Samson Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Current		
Cash <i>(Note 4)</i>	24,518,157	9,672,358
Accounts receivable <i>(Note 5)</i>	7,584,378	16,948,192
Inventory for resale <i>(Note 6)</i>	523,925	602,449
Subtotal of current assets	32,626,460	27,222,999
Capital funds held in trust <i>(Note 7)</i>	1,020,768	1,623,383
Revenue funds held in trust <i>(Note 8)</i>	792,497	439,454
Kisoniyaminaw Heritage Trust Fund <i>(Note 9)</i>	480,328,741	484,956,110
Samson Education Trust Fund <i>(Note 10)</i>	-	34,922,446
Nipisihkopahk Iyinihiwin Trust Fund <i>(Note 11)</i>	32,385,071	-
Investments <i>(Note 12)</i>	160,000	160,000
Oil and gas properties <i>(Note 13)</i>	1,504,635	1,621,385
Total financial assets	548,818,172	550,945,777

Samson Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Liabilities		
Current		
Bank indebtedness (Note 14)	407,957	2,537,298
Accounts payable and accruals (Note 15)	8,638,825	4,079,523
Deferred revenue (Note 16)	16,509,122	15,848,785
Current portion of long-term debt and term loans (Note 17)	2,995,380	7,841,658
Subtotal of current liabilities	28,551,284	30,307,264
Long-term debt and term loans (Note 17)	25,453,971	17,346,026
Total financial liabilities	54,005,255	47,653,290
Net financial assets	494,812,917	503,292,487
Guarantees (Note 14), (Note 17)		
Contingencies (Note 19)		
Non-financial assets		
Tangible capital assets (Schedule 1)	89,567,094	73,947,810
Inventory held for use (Note 18)	132,927	363,702
Total non-financial assets	89,700,021	74,311,512
Accumulated surplus	584,512,938	577,603,999
Accumulated surplus is comprised of:		
Accumulated surplus	579,200,125	575,843,998
Accumulated remeasurement gains	5,312,813	1,760,001
	584,512,938	577,603,999

Approved on behalf of Chief and Council

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Councillor

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Councillor

Samson Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019 Actual</i>	<i>2018 Actual</i>
Revenue				
Government funding				
Indigenous Services Canada	38,738,127	38,738,127	31,692,533	
First Nations and Inuit Health Branch	2,685,231	2,685,231	2,544,034	
Employment and Social Development Canada	1,843,443	1,843,443	1,659,106	
First Nations Development Fund	1,599,870	1,599,870	621,250	
Canada Mortgage and Housing Corporation	739,972	739,972	1,236,020	
Government of Canada - RCMP building	544,282	544,282	547,147	
	46,150,925	46,150,925	38,300,090	
Samson Management - Gas Bar	-	11,574,658	10,893,076	
Samson Management - Real Estate	-	1,582,473	1,519,506	
Samson Management - Roots & Berries	-	1,186,662	1,068,890	
Samson Management - Maskepetoon Automotive	-	508,828	588,661	
Samson Management - Robins Donuts	-	481,603	509,660	
Samson Management - Subway	-	407,195	452,206	
Samson Management - Administration	-	287,171	338,565	
Samson Management - Art Gallery	-	194,506	214,645	
Samson Management - A Buck or Two Plus!	-	144,639	262,457	
Samson Tribal Enterprises	-	2,757,210	3,807,809	
Maskwacis Ambulance Authority	-	5,175,328	4,586,519	
Parcan Developments	-	1,859,711	2,006,260	
Bear Hills Industries	-	1,255,846	1,061,238	
Bingo	-	2,323,844	1,948,823	
Samson Cree Medical Services	-	322,409	492,497	
Other revenue	-	5,496,099	7,095,514	
Peace Hills General Insurance dividend	-	210,000	126,000	
GST refunds	-	144,705	87,381	
Family Violence	-	51,076	43,415	
Capital funds held in trust (Note 7)	-	326,628	302,590	
Revenue funds held in trust (Note 8)	-	230,609	355,625	
Kisoniyaminaw Heritage Trust Fund (Note 9)	20,343,074	11,857,594	99,341,022	
Nipisihkopahk Iyinihiwin Trust Fund (Note 11)	-	1,338,977	-	
Samson Education Trust Fund (Note 10)	-	-	1,932,790	
Kisoniyaminaw Heritage Trust Fund - change in deferred revenue (Note 16)	1,449,032	1,449,032	(2,046,243)	
Peace Hills Trust dividend	-	486,800	13,200	
	67,943,031	97,804,528	175,302,196	

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Samson Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019 Actual</i>	<i>2018 Actual</i>
Total revenue <i>(Continued from previous page)</i>		67,943,031	97,804,528	175,302,196
Expenses				
Governance Segment	3	6,312,225	7,096,837	6,703,897
Operational Support Segment	4	3,936,052	4,101,142	3,377,490
Justice Segment	5	1,620,475	1,746,831	1,789,171
Community Wellness & Family Support Segment	6	12,726,016	14,152,270	12,349,155
Infrastructure Segment	7	12,161,605	12,319,277	8,409,923
Education Segment	8	7,260,292	7,910,778	19,621,011
Nation Projects Segment	9	6,910,870	9,157,658	10,297,263
Nation Businesses Segment	10	-	30,162,973	31,706,824
Other Programs Segment	11	-	3,674,015	3,397,283
Total expenses		50,927,535	90,321,781	97,652,017
Surplus before other items		17,015,496	7,482,747	77,650,179
Other income (expense)				
Gain on disposal of Bear Hills Industries tangible capital assets	-	26,465	32,847	
Loss on disposal of Samson Tribal Enterprises tangible capital assets	-	-	(11,092)	
Loss on disposal of SEM Resort Limited Partnership <i>(Note 12)</i>	-	-	(1,787,669)	
Depletion of oil and gas properties <i>(Note 13)</i>	-	(116,750)	(127,186)	
Amortization <i>(Schedule 1)</i>	-	(4,036,335)	(4,532,235)	
		-	(4,126,620)	(6,425,335)
Surplus		17,015,496	3,356,127	71,224,844
Accumulated surplus, beginning of year		575,843,998	575,843,998	504,619,154
Accumulated surplus, end of year		592,859,494	579,200,125	575,843,998

Samson Cree Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2019

	2019	2018
Accumulated remeasurement gains, beginning of year	1,760,001	63,371,620
Unrealized gains attributable to:		
Portfolio investments in KHTF and NITF (2018 - KHTF and SETF)	6,280,558	22,575,217
Amounts reclassified to the statement of operations and accumulated surplus:		
Portfolio investments in KHTF and NITF (2018 - KHTF and SETF)	(2,727,746)	(84,186,836)
Change in remeasurement gains, for the year	3,552,812	(61,611,619)
Accumulated remeasurement gains, end of year	5,312,813	1,760,001

Samson Cree Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
Surplus			
Change in remeasurement gains	17,015,496	3,356,127	71,224,844
Purchases of tangible capital assets (Note 15)	-	3,552,812	(61,611,619)
Amortization of tangible capital assets	(17,015,496)	(19,812,279)	(6,180,443)
Proceeds on disposal of tangible capital assets	-	4,036,335	4,532,235
Gain on disposal of tangible capital assets	-	183,125	210,545
Use of inventory held for sale	-	(26,465)	(21,755)
	-	230,775	212,706
Increase (decrease) in net financial assets	-	(8,479,570)	8,366,513
Net financial assets, beginning of year	503,292,487	503,292,487	494,925,974
Net financial assets, end of year	503,292,487	494,812,917	503,292,487

Samson Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Receipts from government sources	58,501,393	37,212,713
Receipts from trust funds	24,720,936	22,071,487
Receipts from other sources	35,573,478	38,850,144
Cash paid to suppliers and employees	(88,549,083)	(97,390,441)
Interest paid	(1,297,884)	(1,049,398)
	28,948,840	(305,495)
Financing activities		
Advances of bank indebtedness, net of repayments <i>(Note 14)</i>	(2,129,341)	611,425
Advances of long-term debt and term loans	12,961,514	6,798,645
Repayment of long-term debt and term loans	(9,699,847)	(3,601,964)
	1,132,326	3,808,106
Capital and investing activities		
Proceeds on disposal of tangible capital assets	183,125	210,545
Purchase of tangible capital assets <i>(Note 15) (Schedule 1)</i>	(15,418,492)	(6,180,443)
Disposals of (additions to) oil and gas properties	-	443,370
Proceeds on disposal of investments <i>(Note 12)</i>	-	3,612,418
	(15,235,367)	(1,914,110)
Increase in cash resources	14,845,799	1,588,501
Cash resources, beginning of year	9,672,358	8,083,857
Cash resources, end of year	24,518,157	9,672,358

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

1. Operations

The Samson Cree Nation (the "Nation") is located in the province of Alberta, and provides various services to its members. Samson Cree Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements of the Nation are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada ("PSAB") except as noted in the following accounting policy:

Reporting entity consolidated

These consolidated financial statements include 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
- Nipisihkopahk Iyinihiwin Trust Fund
- Samson Education Trust Fund - dissolved January 1, 2018 (Note 10)
- 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 in the prior the year as disclosed in Note 12.

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 21 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.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

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 gravel and grain, seed and sileage.

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 Nipisikhkopahk Iyinihiwin 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.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

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.

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.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

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 - Nation and Education	4-5 %
Equipment	10-100 %
Houses - country	10 %
Houses - townsite	10 %
Infrastructure	5 %

Amortization is not recorded on tangible capital assets under construction until such time the assets are completed and ready for their intended use. Assets under construction as at March 31, 2019 included townsite - housing of \$1,339,986 (2018 - \$nil), waste transfer station of \$3,364,533 (2018 - \$nil), and water treatment facility of \$13,344,279 (2018 - \$nil).

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 nine reportable segments: Governance, Operational Support, Justice, Community Wellness & Family Support, Infrastructure, Education, Nation Projects, Nation Businesses, 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, 2019.

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.

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

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

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.

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.

3. Change in accounting policies

Effective April 1, 2018, the Nation adopted the recommendations relating to the following sections, as set out in the CPA Canada Public Sector Accounting Standards Handbook:

- PS 3430 *Restructuring Transactions*

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 section.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

4. Cash

	2019	2018
Nation Departments:		
Payroll	102,126	(88,123)
Treasury and Operations	4,244,625	3,567,333
Social Development	521,693	476,516
Service Fees	5,149	-
Nipisihkopahk Education Authority	(167,132)	(79,234)
First Nations Development Fund	1,012,084	541,372
CMHC Innovative Housing Program	901,597	573,930
Community Wellness	517,952	85,201
Maskwacis Youth Initiatives	393,102	325,397
Human Resources (ESD, formerly HRDC)	128,747	145,618
Per Capita Distribution	(97,065)	(16,774)
Wastewater	13,512,253	-
	21,075,131	5,531,236
Other Entities:		
Parcan Developments - includes GIC of \$100,000 (2018 - \$100,000)	415,199	245,897
Bear Hills Industries	1,256	21,465
Samson Tribal Enterprises	177,286	-
Bingo	300,090	324,762
Mihkwan Financial Advisory	236,310	382,142
RCMP	159,778	117,889
Samson Management	186,000	983,997
Maskwacis Ambulance Authority - includes GIC of \$nil (2018 - \$325,000)	1,043,387	1,164,076
SCN Trust Grant bank account	325,918	-
Corporate Trust	318,880	318,561
Samson Cree Medical Services	278,922	582,333
	3,443,026	4,141,122
	24,518,157	9,672,358

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

5. Accounts receivable

	2019	2018
Nation Departments:		
First Nations Development Fund	357,141	350,767
Employment and Social Development Canada	279,720	-
Government of Canada - RCMP building	176,343	176,343
Government of Canada - Maskwacis Youth Initiatives	166,874	-
Indigenous Services Canada - receivables and PAYE	(143,766)	10,168,891
	836,312	10,696,001
Other Entities:		
Samson Management	2,244,944	2,184,465
Parcan Developments	880,218	639,300
Samson Tribal Enterprises	406,827	381,551
Bear Hills Industries	1,318,250	840,361
Advances - Mihkwan Financial Advisory	459,524	614,503
Maskwacis Ambulance Authority	548,920	701,578
Samson Cree Medical Services	89,383	90,433
Advances to Lubicon Lake Nation	800,000	800,000
	6,748,066	6,252,191
	7,584,378	16,948,192

6. Inventory for resale

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

	2019	2018
Tobacco (Gas Bar)	151,738	118,176
Confectionary (Gas Bar)	39,398	31,388
Fuel (Gas Bar)	60,772	57,202
Parts (Automotive)	31,752	26,752
Merchandise (Pharmacy)	4,118	28,913
Pharmaceuticals (Pharmacy)	107,983	113,578
Food (Subway)	5,544	5,544
Merchandise (A Buck or Two Plus!)	28,348	106,857
Food (Robins Donuts)	18,441	17,131
Artwork (Art Gallery)	75,831	96,908
	523,925	602,449

The cost of inventories recognized as an expense and included in expenses amounts to \$12,335,884 (2018 - \$11,555,411).

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

7. Capital funds held in trust

	2019	2018
Indigenous Services Canada capital trust	695,301	753,374
Suspense account (membership)	139,804	561,543
Share of Four Nations trust accounts	185,663	308,466
	1,020,768	1,623,383
Summary of Activity:		
Balance, beginning of year	1,623,383	1,522,866
Interest revenue	8,085	12,169
Oil and gas royalties	318,543	290,421
Transfer to revenue funds held in trust	(122,434)	-
Transfer to Kisoniyaminaw Heritage Trust Fund	(376,985)	(202,073)
Distributions to members from suspense account	(429,824)	-
	1,020,768	1,623,383

8. Revenue funds held in trust

	2019	2018
Indigenous Services Canada revenue account	767,768	401,653
Suspense account (oil & gas)	24,729	37,801
	792,497	439,454
Summary of Activity:		
Balance, beginning of year	439,454	83,829
Interest revenue	30,873	23,261
Oil and gas royalties	199,736	332,364
Transfer from capital funds held in trust	122,434	-
	792,497	439,454

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

9. 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.

	2019	2018
Summary of Activity:		
Net assets, beginning of year	484,956,110	470,851,857
Transfer from capital funds held in trust	376,985	202,073
Investment income and realized gains	11,857,594	99,341,022
Unrealized gains (losses)	5,864,896	(61,634,689)
Investment management fees	(1,897,842)	(1,482,594)
Commissions	(8,845)	(117,717)
Trustee honoraria	(220,940)	(220,909)
Custodial	(77,817)	(121,392)
Administration and annual report	(53,899)	(49,591)
Professional fees	(120,307)	(152,973)
Trustee expenses	(4,120)	(5,240)
Transfers to programs	(20,343,074)	(21,653,737)
Net assets, end of year	480,328,741	484,956,110

Subsequent to year-end, the trust advanced \$5,000,000 to the Nation by way of loan for the purpose of making an investment in Peace Hills General Insurance. The loan bears interest at 6.5% per annum and the interest and principal will be repaid by way of set-off against quarterly distributions payable from the trust to the Nation until December 2024, after which the remaining balance will be repaid in quarterly instalments over a 30 month period.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

10. 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.

Effective January 1, 2018, the net assets of the trust of \$34,922,446 were distributed to Samson Cree Nation of which \$34,858,219 was contributed to Nipisihkopahk Iyinisiwin Trust Fund (Note 11) and \$64,227 was retained as cash in the SCN General Trust bank account.

	2019	2018
Summary of Activity:		
Net assets, beginning of year	34,922,446	31,213,453
Unrealized gains	-	23,070
Investment income and realized gains	-	1,932,790
Travel and training	-	(11,055)
Education incentives, awards and student benefits	-	(913,498)
Fundraising - golf tournament	-	(11,316)
Board and committee fees	-	(60,342)
Professional fees	-	(10,540)
Office expenses	-	(10,536)
Investment management fees	-	(141,794)
Salaries, wages and benefits	-	(87,786)
Contribution from Samson Cree Nation	-	3,000,000
Distribution of net assets to Samson Cree Nation	(34,922,446)	-
Net assets, end of year	-	34,922,446

11. Nipisihkopahk Iyinisiwin Trust Fund

The trust was established by the Samson Cree Nation, the settlor and beneficiary of the trust, on January 1, 2018 to promote education and well being through trust grants for the long-term benefit of Samson Cree Nation and its members.

Effective January 1, 2018, the trust received a contribution of trust capital in the amount of \$34,858,219 from Samson Cree Nation (Note 10).

	2019	2018
Summary of Activity:		
Net assets, beginning of year	-	-
Contribution from Samson Cree Nation	34,858,219	-
Investment income and realized gains	1,338,977	-
Unrealized losses	(2,312,084)	-
Investment management fees	(134,222)	-
Custodial fees	(34,812)	-
Distributions to SCN Trust Grant bank account	(1,331,007)	-
Net assets, end of year	32,385,071	-

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Investments

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Advances</i>	<i>Cumulative earnings (loss)</i>	2019 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>	2018 Total investment
Investments - at cost:				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000

In the prior year, the Nation disposed of its interest in SEM Resort Limited Partnership for proceeds of \$3,612,418 resulting in a loss on disposal of \$1,787,669.

13. Oil and gas properties

	2019	2018
Bear Hills Industries:		
Cost	7,639,505	7,639,505
Accumulated depletion	(6,134,870)	(6,018,120)
	1,504,635	1,621,385

14. Bank indebtedness

Bank indebtedness consists of the following credit facilities:

	2019	2018
Samson Tribal Enterprises:		
BMO operating line of credit - facility extinguished during the year	-	2,045,473
Samson Management:		
CIBC revolving demand facility	407,957	491,825
	407,957	2,537,298

As at March 31, 2019, the prime interest rate was 3.95% (2018 - 3.45%).

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

14. Bank indebtedness (Continued from previous page)

Samson Tribal Enterprises:

In the prior year, the company had access to a BMO operating line of credit with a maximum facility bearing interest at prime plus 1.875%, authorized to a maximum of \$2,000,000, of which \$1,925,517 was drawn in addition to outstanding cheques of \$119,956 as at March 31, 2018. During the year, this facility, along with the BMO term loans disclosed in Note 17, were repaid and the facilities were extinguished as part of a re-financing arrangement with the Nation.

Samson Management:

The company has access to a CIBC revolving demand facility bearing interest at prime plus 1.00% per annum authorized to a maximum of \$1,000,000 (2018 - \$1,000,000) of which \$407,957 (2018 - \$491,825) was drawn at year-end.

This facility, along with the CIBC term loan due on demand disclosed in Note 17, are secured by: a collateral mortgage in the amount of \$4,927,000 (2018 - \$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 17). The facilities are also subject to certain restrictions with respect to liens on present and / or future assets.

Advances and repayments on these facilities are shown on a net basis in the consolidated statement of cash flows as it is impracticable to determine the gross transactions.

Samson Cree Medical Services:

The company has access to a CIBC revolving demand facility bearing interest at prime plus 1.00% per annum authorized to a maximum of \$350,000 (2018 - \$nil) of which \$nil (2018 - \$nil) was drawn at year-end.

This facility is secured by: a security agreement granting a first security interest in all present and after acquired personal property of the company and a guarantee by an unlimited guarantee by the Nation supported by a BCR.

15. Accounts payable and accruals

	2019	2018
Nation Departments:		
Nation programs and services	4,857,833	(62,449)
Other Entities:		
Bear Hills Industries	888,245	643,487
Samson Tribal Enterprises	1,106,743	1,807,525
Parcan Developments	286,746	201,554
Samson Management	858,394	884,820
Maskwacis Ambulance Authority	123,752	83,271
Samson Cree Medical Services	1,590	18,228
Samson Recreation Bingo	478,415	503,087
SCN Trust Grant bank account	37,107	-
	3,780,992	4,141,972
	8,638,825	4,079,523

As at March 31, 2019, accounts payable and accruals includes \$4,393,787 (2018 - \$nil) in amounts related to capital projects.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

16. 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, 2019.

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 - planning, mtsa infrastructure	500,000	-	500,000	-
Flexible contribution - wastewater > 1.5M	9,516,564	-	9,516,564	-
Fixed contribution - service delivery	156,996	1,274,350	1,207,058	224,288
Fixed contribution - basic admin governance capacity development	-	97,800	-	97,800
Fixed contribution - financial management governance capacity development	-	67,800	-	67,800
Fixed contribution - leadership governance capacity development	-	56,339	-	56,339
Fixed contribution - infrastructure construction transfer station	-	4,403,700	3,364,533	1,039,167
Fixed contribution - wastewater > 1.5M	-	13,572,000	3,327,715	10,244,285
Fixed contribution - post secondary student support program	-	2,973,569	2,850,123	123,446
Fixed contribution - social assistance employment and training	-	724,402	592,728	131,674
Flexible contribution - recovery	-	3,169,428	2,925,150	244,278
Flexible contribution - community based initiatives	-	315,894	145,707	170,187
First Nations Development Fund	1,068,377	1,489,893	1,599,870	958,400
Employment and Social Development Canada	126,713	1,956,637	1,843,443	239,907
First Nations and Inuit Health Branch	-	2,947,089	2,685,231	261,858
Kisoniyaminaw Heritage Trust Fund	2,066,710	20,343,074	21,792,106	617,678
Other revenue:				
Education Administration	1,108,522	(359,522)	225,692	523,308
Consultation	150,189	1,005,099	936,560	218,728
Staff Association	20,151	32,805	52,956	-
Daycare	24,700	70,910	13,020	82,590
Energy Audit	123,063	200,000	13,569	309,494
Pewapun	500,000	-	179,923	320,077
Natural Resources	-	51,049	49,379	1,670
Parents Place	-	119,255	53,201	66,054
HR Provincial Funding	-	186,282	176,188	10,094
Peace Hills Trust dividend	486,800	500,000	486,800	500,000
	15,848,785	55,197,853	54,537,516	16,509,122

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

17. Long-term debt and term loans

	2019	2018
Samson Cree Nation - BMO term loan repayable at \$62,178 per month including interest at 4.13% per annum, maturing December 2023, secured by a BCR from the Nation supporting the requested financing of \$11,300,000, indicating a dedicated stream for repayment and a corporate guarantee from Samson Tribal Enterprises in the amount of \$11,300,000.	11,251,082	-
Samson Cree Nation - RBC Royal Bank fixed rate term loan payable including interest at 4.40%, repaid during the year.	-	3,179,728
Samson Cree Nation - CMHC Direct Lending financing repayable at \$47,552 per month including interest at 2.78% per annum, maturing March 2023, secured by ISC Ministerial guarantee and CMHC insurance. Payments of principal and interest on this loan are to begin after the Interest Adjustment Date, which is deemed to be the earlier of the final loan advance or date of substantial completion of the project.	1,348,791	-
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.	981,874	1,020,533
Samson Cree Nation - CMHC Direct Lending financing repayable at \$8,623 per month including interest at 2.52% per annum, maturing September 2023, secured by ISC Ministerial guarantee and CMHC insurance.	875,658	956,532
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.	778,375	842,082
Samson Cree Nation - CMHC Direct Lending financing repayable at \$4,486 per month including interest at 1.35% per annum, maturing May 2022, secured by ISC Ministerial guarantee and CMHC insurance.	638,663	683,631
Samson Cree Nation - CMHC Direct Lending financing repayable at \$3,172 per month including interest at 2.35% per annum, maturing July 2023, secured by ISC Ministerial guarantee and CMHC insurance.	304,073	334,879
Samson Cree Nation - CMHC Direct Lending financing repayable at \$2,097 per month including interest at 2.48% per annum, maturing August 2023, secured by ISC Ministerial guarantee and CMHC insurance.	199,965	220,190
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.	121,384	137,549
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.	99,983	113,298
Samson Cree Nation - First Nations Bank financing for RCMP building repayable at \$40,287 per month including interest at 4.02%, due May 2029. This financing relates to capital construction costs of the RCMP building which costs are being recovered under a lease with the Government of Canada over 20 years; all lease receipts relating to the capital cost are directed to the First Nations Bank.	3,984,104	4,291,051

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

	2019	2018
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.	3,924,681	3,834,145
Parcan Developments - Canadian Western Bank mortgage, repayable in monthly payments of \$42,708 plus interest at prime plus 1.25%, maturing August 2019, 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.	1,836,459	2,348,958
Samson Management - ATB Financial mortgage payable bearing interest at 3.85% per annum, payable in monthly instalments of \$6,810 including interest, maturing September 2020, secured by specific real estate properties, a general security agreement, guarantees, and postponement and assignment of claims.	1,207,395	1,244,545
Samson Management - CIBC term loan due on demand bearing interest at 4.15% per annum, payable in monthly instalments of \$5,316 including interest, secured as disclosed in Note 14.	896,864	931,180
Samson Tribal Enterprises - BMO term loans bearing interest ranging from prime plus 1.50% to prime plus 2.375%, repaid during the year.	-	5,049,383
	28,449,351	25,187,684
Less: current portion of long-term debt and term loans including reclassifications due to amounts due on demand	2,995,380	7,841,658
	25,453,971	17,346,026

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:

2020	2,135,983
2021	2,189,418
2022	1,927,774
2023	1,501,975
2024	1,246,051
Thereafter	19,448,150

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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

Samson Cree Nation:

Long-term debt with First Nations Bank related to the RCMP building is subject to certain financial covenants with respect to maintaining a debt service coverage ratio of no less than 1.00:1. As at March 31, 2019, the Nation was 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, 2019, the company was in compliance with all such covenants.

18. Inventory held for use

Inventory held for use relates to Samson Tribal Enterprises and consists of gravel of \$54,999 (2018 - \$105,721) and grain, seed and sileage of \$77,928 (2018 - \$257,981).

19. 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. Aside from the matter noted below, in the opinion of management and 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.

Subsequent to year-end, a judgment was issued in the ongoing litigation with respect to Chevron Canada Resources ("Chevron") v. The Queen et al. ("Canada"), Samson Indian Band (the "Nation") and the other three Maskwacis Nations ("Maskwacis Nations"). This action was brought by Chevron for damages arising from its alleged mistaken overpayment of royalties to the benefit of the four Maskwacis Nations. The court rendered a decision on June 6, 2019. In its decision, the court determined that despite both Chevron's gross negligence and Canada's negligence and breach of its duty of care to the Maskwacis Nations, it was unjust for the Maskwacis Nations to benefit from the mistaken overpayment of royalties. The Nation's proportionate share of overpaid royalties and interest was calculated as \$7,882,765. On July 5, 2019, the Nation (along with the co-defendant, Louis Bull Nation) filed an appeal with respect to certain portions of the decision. Chevron also filed a cross appeal with respect to the interest calculation. As at March 31, 2019, the Nation has not recognized a liability for the judgment amount of \$7,882,765 in the consolidated financial statements, as it does not admit liability and as noted, is appealing certain portions of the decision. The outcome of the proceedings before the Court of Appeal is not determinable as at the date of the financial statements.

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.

20. 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.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

20. 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 Nipisihkopahk Iyinisiwin Trust Fund (2018 - 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 Nipisihkopahk Iyinisiwin Trust Fund (2018 - 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 Nipisihkopahk Iyinisiwin Trust Fund (2018 - 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 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 Nipisihkopahk Iyinisiwin Trust Fund (2018 - 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.

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21. 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.

22. 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.

23. Comparative figures

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