

**Samson Cree Nation**  
**Consolidated Financial Statements**  
*March 31, 2020*

# Samson Cree Nation Contents

For the year ended March 31, 2020

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## **Management's Responsibility**

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To the Members of Samson Cree Nation:

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

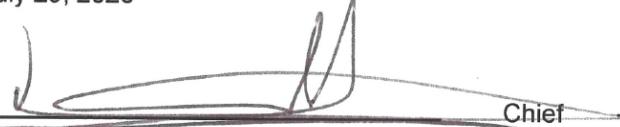
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate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

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

The Samson Cree Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council 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, 2020



Chief



Councillor

## Independent Auditor's Report

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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, 2020, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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, 2020, 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 19 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 \$143,396,553 as at March 31, 2020 and \$131,514,120 as at March 31, 2019, and surplus would increase by \$11,882,433 for the year ended March 31, 2020 and would decrease by \$3,375,228 for the year ended March 31, 2019. Our audit opinion on the consolidated financial statements for the year ended March 31, 2019 was modified because of the effects of this departure from Canadian public sector accounting standards.

As discussed in Note 17 to the consolidated financial statements, 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 \$7,961,316 as at March 31, 2020 and \$7,837,096 as at March 31, 2019. As at March 31, 2020, 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 \$7,961,316 as at March 31, 2020 and \$7,837,096 as at March 31, 2019 and surplus would decrease by \$124,220 for the year ended March 31, 2020 and \$7,837,096 for the year ended March 31, 2019. Our audit opinion on the consolidated financial statements for the year ended March 31, 2019 was modified because of the effects of this departure from Canadian public sector accounting standards.

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, 2020

*MNP LLP*

Chartered Professional Accountants

**MNP**  
LLP

**Samson Cree Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash <i>(Note 3)</i>	20,163,535	24,518,157
Accounts receivable <i>(Note 4)</i>	5,374,967	7,584,378
Inventory for resale <i>(Note 5)</i>	403,735	523,925
<b>Subtotal of current assets</b>	<b>25,942,237</b>	32,626,460
<b>Capital funds held in trust <i>(Note 6)</i></b>	<b>949,395</b>	1,020,768
<b>Revenue funds held in trust <i>(Note 7)</i></b>	<b>1,210,019</b>	792,497
<b>Kisoniyaminaw Heritage Trust Fund <i>(Note 8)</i></b>	<b>438,667,862</b>	480,328,741
<b>Nipisihkopahk Iyinihiwin Trust Fund <i>(Note 9)</i></b>	<b>34,793,315</b>	32,385,071
<b>Investments <i>(Note 10)</i></b>	<b>5,160,000</b>	160,000
<b>Oil and gas properties <i>(Note 11)</i></b>	<b>1,399,625</b>	1,504,635
<b>Total financial assets</b>	<b>508,122,453</b>	548,818,172

**Samson Cree Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 12)	978,312	407,957
Accounts payable and accruals (Note 13)	5,896,606	8,638,825
Deferred revenue (Note 14)	11,652,438	16,509,122
Current portion of long-term debt and term loans (Note 15)	2,993,726	2,995,380
<b>Subtotal of current liabilities</b>	<b>21,521,082</b>	28,551,284
Long-term debt and term loans (Note 15)	29,252,808	25,453,971
<b>Total financial liabilities</b>	<b>50,773,890</b>	54,005,255
<b>Net financial assets</b>	<b>457,348,563</b>	494,812,917
<b>Guarantees (Note 12), (Note 15)</b>		
<b>Contingencies (Note 17)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	102,111,819	89,567,094
Inventory held for use (Note 16)	119,750	132,927
<b>Total non-financial assets</b>	<b>102,231,569</b>	89,700,021
<b>Accumulated surplus</b>	<b>559,580,132</b>	584,512,938
<b>Accumulated surplus is comprised of:</b>		
Accumulated surplus	588,276,097	579,200,125
Accumulated remeasurement gains (losses)	(28,695,965)	5,312,813
	<b>559,580,132</b>	584,512,938

Approved on behalf of Chief and Council

Chief



Councillor

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2020*

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020 Actual</i>	<i>2019 Actual</i>
<b>Revenue</b>				
Government funding				
Indigenous Services Canada	38,272,911	38,272,911	38,738,127	
First Nations and Inuit Health Branch	3,003,072	3,003,072	2,685,231	
Employment and Social Development Canada	2,030,314	2,030,314	1,843,443	
First Nations Development Fund	1,352,333	1,352,333	1,599,870	
Government of Canada - RCMP building	544,282	544,282	544,282	
Canada Mortgage and Housing Corporation	437,076	437,076	739,972	
	<b>45,639,988</b>	<b>45,639,988</b>	<b>46,150,925</b>	
Samson Management - Gas Bar	-	9,604,497	11,574,658	
Samson Management - Real Estate	-	1,594,475	1,582,473	
Samson Management - Roots & Berries	-	1,218,145	1,186,662	
Samson Management - Maskepetoon Automotive	-	527,161	508,828	
Samson Management - Robins Donuts	-	432,586	481,603	
Samson Management - Subway	-	395,724	407,195	
Samson Management - Emerging Opportunities	-	170,920	-	
Samson Management - Art Gallery	-	160,593	194,506	
Samson Management - Administration	-	160,574	287,171	
Samson Management - A Buck or Two Plus!	-	-	144,639	
Samson Tribal Enterprises	-	1,589,068	2,757,210	
Maskwacis Ambulance Authority	-	5,477,044	5,175,328	
Parcan Developments	-	2,089,347	1,859,711	
Bear Hills Industries	-	1,986,389	1,255,846	
Bingo	-	1,686,151	2,323,844	
Samson Cree Medical Services	-	584,073	322,409	
Other revenue	-	5,777,696	5,496,099	
Peace Hills Trust dividend	-	500,000	486,800	
Peace Hills General Insurance dividend	-	329,178	210,000	
GST refunds	-	82,770	144,705	
Family Violence	-	51,076	51,076	
Capital funds held in trust (Note 6)	-	303,074	326,628	
Revenue funds held in trust (Note 7)	-	293,762	230,609	
Kisoniyaminaw Heritage Trust Fund (Note 8)	20,700,652	16,776,242	11,857,594	
Nipisihkopahk Iyinihiwin Trust Fund (Note 9)	-	2,949,756	1,338,977	
Kisoniyaminaw Heritage Trust Fund - change in deferred revenue (Note 14)	371,943	371,943	1,449,032	
	<b>66,712,583</b>	<b>100,752,232</b>	<b>97,804,528</b>	

*Continued on next page*

**Samson Cree Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2020*

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020 Actual</i>	<i>2019 Actual</i>
<b>Total revenue</b> <i>(Continued from previous page)</i>		<b>66,712,583</b>	<b>100,752,232</b>	97,804,528
<b>Expenses</b>				
Governance Segment	3	5,789,864	7,462,243	7,096,837
Operational Support Segment	4	3,570,360	3,762,680	4,101,142
Justice Segment	5	1,650,961	1,848,659	1,746,831
Community Wellness & Family Support Segment	6	14,860,894	16,972,573	14,152,270
Infrastructure Segment	7	13,361,069	13,635,451	12,319,277
Education Segment	8	3,962,187	4,226,303	7,910,778
Nation Projects Segment	9	7,605,203	8,998,766	9,157,658
Nation Businesses Segment	10	-	27,072,234	30,162,973
Other Programs Segment	11	-	3,767,103	3,674,015
<b>Total expenses</b>		<b>50,800,538</b>	<b>87,746,012</b>	90,321,781
<b>Surplus before other items</b>		<b>15,912,045</b>	<b>13,006,220</b>	7,482,747
<b>Other income (expense)</b>				
Gain on disposal of Bear Hills Industries tangible capital assets		-	10,445	26,465
Depletion of oil and gas properties <i>(Note 11)</i>		-	(105,010)	(116,750)
Amortization <i>(Schedule 1)</i>		-	(3,835,683)	(4,036,335)
		-	(3,930,248)	(4,126,620)
<b>Surplus</b>		<b>15,912,045</b>	<b>9,075,972</b>	3,356,127
<b>Accumulated surplus, beginning of year</b>		<b>579,200,125</b>	<b>579,200,125</b>	575,843,998
<b>Accumulated surplus, end of year</b>		<b>595,112,170</b>	<b>588,276,097</b>	579,200,125

**Samson Cree Nation**  
**Consolidated Statement of Remeasurement Gains and Losses**  
*For the year ended March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Accumulated remeasurement gains, beginning of year</b>	<b>5,312,813</b>	1,760,001
<b>Unrealized gains (losses) attributable to:</b>		
Portfolio investments in KHTF and NITF (Note 8), (Note 9)	(26,003,807)	6,280,558
<b>Amounts reclassified to the statement of operations and accumulated surplus:</b>		
Portfolio investments in KHTF and NITF	(8,004,971)	(2,727,746)
<b>Change in remeasurement gains (losses), for the year</b>	<b>(34,008,778)</b>	3,552,812
<b>Accumulated remeasurement gains (losses), end of year</b>	<b>(28,695,965)</b>	5,312,813

**Samson Cree Nation**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2020*

	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Surplus</b>	<b>15,912,045</b>	<b>9,075,972</b>	3,356,127
Change in remeasurement gains (losses)	-	(34,008,778)	3,552,812
Purchases of tangible capital assets (Schedule 1)	(15,912,045)	(16,383,747)	(19,812,279)
Amortization of tangible capital assets (Schedule 1)	-	3,835,683	4,036,335
Proceeds on disposal of tangible capital assets	-	13,784	183,125
Gain on disposal of tangible capital assets	-	(10,445)	(26,465)
Use of inventory held for sale	-	13,177	230,775
<b>Decrease in net financial assets</b>	<b>-</b>	<b>(37,464,354)</b>	(8,479,570)
<b>Net financial assets, beginning of year</b>	<b>494,812,917</b>	<b>494,812,917</b>	503,292,487
<b>Net financial assets, end of year</b>	<b>494,812,917</b>	<b>457,348,563</b>	494,812,917

**Samson Cree Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Receipts from government sources	41,737,270	58,501,393
Receipts from trust funds	25,220,542	24,720,936
Receipts from other sources	36,044,855	35,573,478
Cash paid to suppliers and employees	(88,153,329)	(88,549,083)
Interest paid	(1,202,073)	(1,297,884)
	<b>13,647,265</b>	28,948,840
<b>Financing activities</b>		
Advances of bank indebtedness, net of repayments (Note 12)	570,355	(2,129,341)
Advances of long-term debt and term loans	5,966,860	12,961,514
Repayment of long-term debt and term loans	(2,169,677)	(9,699,847)
	<b>4,367,538</b>	1,132,326
<b>Capital and investing activities</b>		
Proceeds on disposal of tangible capital assets	13,784	183,125
Purchase of tangible capital assets (Note 13)	(17,383,209)	(15,418,492)
Purchases of investments (Note 10)	(5,000,000)	-
	<b>(22,369,425)</b>	(15,235,367)
<b>Increase (decrease) in cash resources</b>	<b>(4,354,622)</b>	14,845,799
<b>Cash resources, beginning of year</b>	<b>24,518,157</b>	9,672,358
<b>Cash resources, end of year</b>	<b>20,163,535</b>	24,518,157

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**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 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
- 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.

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 gravel.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. 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 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.

***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, 2020*

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**2. 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 - 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, 2020 included townsite - housing of \$1,339,986 (2019 - \$1,339,986), waste transfer station of \$4,128,778 (2019 - \$3,364,533), and water treatment facility of \$27,471,725 (2019 - \$13,344,279).

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**2. 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 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, 2020.

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 (2019 - 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, 2020*

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**2. 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 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 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. Cash**

	<b>2020</b>	<b>2019</b>
<b>Nation Departments:</b>		
Payroll	(410,629)	102,126
Treasury and Operations	9,659,375	4,244,625
Social Development	24,852	521,693
Service Fees	39,054	5,149
Nipisihkopahk Education Authority	24,221	(167,132)
First Nations Development Fund	1,593,062	1,012,084
CMHC Innovative Housing Program	694,720	901,597
Community Wellness	168,804	517,952
Maskwacis Youth Initiatives	-	393,102
Human Resources (ESD, formerly HRDC)	115,740	128,747
Per Capita Distribution	367,924	(97,065)
Wastewater	3,317,041	13,512,253
	<b>15,594,164</b>	<b>21,075,131</b>
<b>Other Entities:</b>		
Parcan Developments - includes GIC of \$100,000 (2019 - \$100,000)	459,729	415,199
Bear Hills Industries	22,290	1,256
Samson Tribal Enterprises	70,785	177,286
Bingo	299,608	300,090
Mihkwan Financial Advisory	292,469	236,310
RCMP	163,802	159,778
Samson Management	585,654	186,000
Maskwacis Ambulance Authority	898,311	1,043,387
SCN Trust Grant bank account	1,065,608	325,918
Corporate Trust	319,200	318,880
Samson Cree Medical Services	391,915	278,922
	<b>4,569,371</b>	<b>3,443,026</b>
	<b>20,163,535</b>	<b>24,518,157</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**4. Accounts receivable**

	<b>2020</b>	<b>2019</b>
<b>Nation Departments:</b>		
First Nations Development Fund	-	357,141
Employment and Social Development Canada	-	279,720
Government of Canada - RCMP building	<b>176,343</b>	176,343
Government of Canada - Maskwacis Youth Initiatives	-	166,874
Indigenous Services Canada - receivables and PAYE	<b>721,809</b>	(143,766)
	<b>898,152</b>	836,312
<b>Other Entities:</b>		
Samson Management	<b>1,497,852</b>	2,244,944
Parcan Developments	<b>623,082</b>	880,218
Samson Tribal Enterprises	<b>294,788</b>	406,827
Bear Hills Industries	<b>1,095,102</b>	1,318,250
Advances - Mihkwan Financial Advisory	<b>264,885</b>	459,524
Maskwacis Ambulance Authority	<b>637,606</b>	548,920
Samson Cree Medical Services	<b>63,500</b>	89,383
Advances to Lubicon Lake Nation	-	800,000
	<b>4,476,815</b>	6,748,066
	<b>5,374,967</b>	7,584,378

**5. Inventory for resale**

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

	<b>2020</b>	<b>2019</b>
Tobacco (Gas Bar)	<b>20,881</b>	151,738
Confectionary (Gas Bar)	<b>33,496</b>	39,398
Fuel (Gas Bar)	<b>87,550</b>	60,772
Parts (Automotive)	<b>42,075</b>	31,752
Merchandise (Pharmacy)	<b>3,968</b>	4,118
Pharmaceuticals (Pharmacy)	<b>94,157</b>	107,983
Food (Subway)	<b>5,544</b>	5,544
Merchandise (A Buck or Two Plus!)	-	28,348
Food (Robins Donuts)	<b>18,441</b>	18,441
Artwork (Art Gallery)	<b>97,623</b>	75,831
	<b>403,735</b>	523,925

The cost of inventories recognized as an expense and included in expenses amounts to \$10,177,715 (2019 - \$12,335,884).

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**6. Capital funds held in trust**

	<b>2020</b>	<b>2019</b>
Indigenous Services Canada capital trust	649,310	695,301
Suspense account (membership)	142,053	139,804
Share of Four Nations trust accounts	158,032	185,663
	<b>949,395</b>	1,020,768
<b>Summary of Activity:</b>		
Balance, beginning of year	1,020,768	1,623,383
Interest revenue	2,249	8,085
Oil and gas royalties	300,825	318,543
Transfer to revenue funds held in trust	(123,760)	(122,434)
Transfer to Kisoniyaminaw Heritage Trust Fund	(250,687)	(376,985)
Distributions to members from suspense account	-	(429,824)
Balance, end of year	<b>949,395</b>	1,020,768

**7. Revenue funds held in trust**

	<b>2020</b>	<b>2019</b>
Indigenous Services Canada revenue account	1,130,269	767,768
Suspense account (oil & gas)	79,750	24,729
	<b>1,210,019</b>	792,497
<b>Summary of Activity:</b>		
Balance, beginning of year	792,497	439,454
Interest revenue	26,427	30,873
Oil and gas royalties	267,335	199,736
Transfer from capital funds held in trust	123,760	122,434
Balance, end of year	<b>1,210,019</b>	792,497

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**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.

	<b>2020</b>	<b>2019</b>
<b>Summary of Activity:</b>		
Net assets, beginning of year	<b>480,328,741</b>	484,956,110
Transfer from capital funds held in trust	250,687	376,985
Investment income and realized gains	16,776,242	11,857,594
Unrealized gains (losses)	(35,600,579)	5,864,896
Investment management fees	(1,919,765)	(1,897,842)
Commissions	(7,051)	(8,845)
Trustee honoraria	(221,061)	(220,940)
Custodial	(76,422)	(77,817)
Administration and annual report	(48,520)	(53,899)
Professional fees	(103,947)	(120,307)
Trustee expenses	(9,811)	(4,120)
Transfers to programs	(20,700,652)	(20,343,074)
Net assets, end of year	<b>438,667,862</b>	480,328,741

During the year, the trust advanced \$5,000,000 to the Nation by way of loan for the purpose of investment in Peace Hills General Insurance Company (Note 10), the terms of which are disclosed in Note 15.

**9. 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.

	<b>2020</b>	<b>2019</b>
<b>Summary of Activity:</b>		
Net assets, beginning of year	<b>32,385,071</b>	-
Contribution from Samson Cree Nation	-	34,858,219
Investment income and realized gains	2,949,756	1,338,977
Unrealized gains (losses)	1,591,801	(2,312,084)
Investment management fees	(133,613)	(134,222)
Custodial fees	(34,988)	(34,812)
Audit fees	(10,384)	-
Professional fees	(2,557)	-
Distributions to SCN Trust Grant bank account	(1,951,771)	(1,331,007)
Net assets, end of year	<b>34,793,315</b>	32,385,071

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

**10. Investments**

The Nation has investments in the following entities:

	<i>Investment cost</i>	Advances	Cumulative earnings (loss)	<i>2020 Total investment</i>
<b>Investments - at cost:</b>				
Investor membership in Anishnabe Healing Centre	<b>160,000</b>	-	-	<b>160,000</b>
<b>Wholly-owned businesses:</b>				
Peace Hills General Insurance Company - 5,000 Class A preferred shares	<b>5,000,000</b>	-	-	<b>5,000,000</b>
	<b>5,160,000</b>	-	-	<b>5,160,000</b>

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

On June 24, 2019, the Nation acquired 5,000 Class A preferred shares of Peace Hills General Insurance Company with a redemption price of \$1,000 per share. The shares are redeemable at the option of Peace Hills General Insurance Company, on or after the earliest redemption date of five years and 183 days from the issue date, subject to certain restrictions. Payment of dividends of 6.5% on the Class A preferred shares are payable only when declared by the board of directors of Peace Hills General Insurance Company, such that the company will be able to meet the supervisory minimum capital test target after such declaration and payment.

**11. Oil and gas properties**

	<i>2020</i>	<i>2019</i>
<b>Bear Hills Industries:</b>		
Cost	7,639,505	7,639,505
Accumulated depletion	(6,239,880)	(6,134,870)
	<b>1,399,625</b>	1,504,635

**12. Bank indebtedness**

Bank indebtedness consists of the following credit facilities:

	<i>2020</i>	<i>2019</i>
<b>Samson Tribal Enterprises:</b>		
BMO operating line of credit	193,877	-
<b>Samson Management:</b>		
CIBC revolving demand facility	784,435	407,957
	<b>978,312</b>	407,957

As at March 31, 2020, the prime interest rate was 2.45% (2019 - 3.95%).

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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

**Samson Tribal Enterprises:**

The company has access to a BMO operating demand loan bearing interest at prime plus 1.25% per annum authorized to a maximum of \$500,000 (2019 - \$500,000) of which \$193,877 (2019 - \$nil) was drawn at year-end.

This facility is secured by: a collateral mortgage in the amount of \$8,000,000 (2019 - \$8,000,000) over 6,292 acres of land, a corporate guarantee of \$500,000 (2019 - \$500,000) and BCR from the Nation, a general security agreement, a postponement and subordination agreement acknowledged by the Nation and registered first-ranking security.

**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 (2019 - \$1,000,000) of which \$784,435 (2019 - \$407,957) was drawn at year-end.

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 (2019 - \$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.

The CIBC term loan due on demand and revolving demand facility were subsequently consolidated and refinanced as a mortgage with a principal amount of \$2,000,000. This amount was advanced, net of the balances owing on the existing facilities, subsequent to year-end. The mortgage bears interest at 3.84% per annum and is payable in monthly blended instalments of \$11,920. The mortgage is secured by specific land and buildings held by the company.

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 (2019 - \$350,000) of which \$nil (2019 - \$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.

**13. Accounts payable and accruals**

	2020	2019
<b>Nation Departments:</b>		
Nation programs and services	<b>3,438,025</b>	4,857,833
<b>Other Entities:</b>		
Bear Hills Industries	630,153	888,245
Samson Tribal Enterprises	365,460	1,106,743
Parcan Developments	254,486	286,746
Samson Management	590,773	858,394
Maskwacis Ambulance Authority	138,780	123,752
Samson Cree Medical Services	937	1,590
Samson Recreation Bingo	477,933	478,415
SCN Trust Grant bank account	59	37,107
	<b>2,458,581</b>	3,780,992
	<b>5,896,606</b>	8,638,825

As at March 31, 2020, accounts payable and accruals includes \$3,394,325 (2019 - \$4,393,787) in amounts related to capital projects.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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**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, 2020.

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 - service delivery	224,288	1,274,351	1,286,333	<b>212,306</b>
Fixed contribution - basic admin governance capacity development	97,800	31,496	129,296	-
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	1,039,167	-	976,966	<b>62,201</b>
Fixed contribution - wastewater > 1.5M	10,244,285	9,756,023	14,451,616	<b>5,548,692</b>
Fixed contribution - water < 1.5M	-	600,000	-	<b>600,000</b>
Fixed contribution - post secondary student support program	123,446	2,791,285	2,914,731	-
Fixed contribution - social assistance employment and training	131,674	-	15,715	<b>115,959</b>
Fixed contribution - community based initiatives	-	416,074	33,496	<b>382,578</b>
Fixed contribution - First Nations and Inuit - Skills Link program	-	536,704	308,685	<b>228,019</b>
Fixed contribution - operations - maintenance	-	610,000	-	<b>610,000</b>
Flexible contribution - recovery	244,278	-	-	<b>244,278</b>
Flexible contribution - community based initiatives	170,187	-	170,187	-
Flexible contribution - special needs	-	148,768	45,530	<b>103,238</b>
First Nations Development Fund	958,400	1,327,193	1,352,333	<b>933,260</b>
Employment and Social Development Canada	239,907	2,205,627	2,030,314	<b>415,220</b>
First Nations and Inuit Health Branch	261,858	3,304,013	3,003,072	<b>562,799</b>
Kisoniyaminaw Heritage Trust Fund	617,678	20,700,652	21,072,595	<b>245,735</b>
Other revenue:				
Education Administration	523,308	-	252,226	<b>271,082</b>
Consultation	218,728	1,091,195	1,060,631	<b>249,292</b>
Daycare	82,590	73,373	155,963	-
Energy Audit	309,494	-	185,325	<b>124,169</b>
Pewapun	320,077	4,694	109,489	<b>215,282</b>
Natural Resources & Co-op	1,670	88,358	90,028	-
Parents Place	66,054	55,076	92,802	<b>28,328</b>
HR Provincial Funding	10,094	250,096	260,190	-
Peace Hills Trust dividend	500,000	500,000	500,000	<b>500,000</b>
	<b>16,509,122</b>	<b>45,764,978</b>	<b>50,621,662</b>	<b>11,652,438</b>

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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

	<b>2020</b>	<b>2019</b>
Samson Cree Nation - BMO term loan repayable at \$60,460 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.	<b>10,923,189</b>	11,251,082
Samson Cree Nation - KHTF loan to be repaid over 5.5 years by way of reduction of the mandated quarterly distribution payable to the Nation if the distribution exceeds \$20,343,086 on an annual basis. Any amount remaining after 5.5 years will be repaid in equal quarterly instalments so that the entire advance is repaid within 8 years of the advance date of June 24, 2019. The advance bears interest at 6.50% per annum.	<b>4,810,721</b>	-
Samson Cree Nation - CMHC Direct Lending financing repayable at \$8,991 per month including interest at 0.98% per annum, maturing April 2025, secured by ISC Ministerial guarantee and CMHC insurance.	<b>2,356,395</b>	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.	<b>942,829</b>	981,874
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.	<b>793,021</b>	875,658
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.	<b>713,913</b>	778,375
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.	<b>593,103</b>	638,663
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.	<b>272,730</b>	304,073
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.	<b>179,460</b>	199,965
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.	<b>105,037</b>	121,384
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.	<b>86,518</b>	99,983
Samson Cree Nation - First Nations Bank financing for RCMP building repayable at \$40,287 per month including interest at 4.02% (\$39,139 per month including interest at 3.60% as of June 2020), due May 2025. 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.	<b>3,661,230</b>	3,984,104

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2020*

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

	<b>2020</b>	<b>2019</b>
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%, 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.	3,457,951	3,924,681
Parcan Developments - Canadian Western Bank mortgage, repayable in monthly payments of \$42,708 plus interest at prime plus 1.25%, maturing January 2023 with a renewal date of October 2020, 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. Subsequent to year-end, the company amended the terms of its lending agreement with Canadian Western Bank to defer the monthly payments for May, June and July 2020 and increase the remaining monthly payments to \$43,101 starting August 2020 until the loan's maturity date.	1,323,958	1,836,459
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.	1,171,524	1,207,395
Samson Management - CIBC term loan due on demand bearing interest at 4.95% per annum, payable in monthly instalments of \$5,316 including interest, secured as disclosed in Note 12.	854,955	896,864
	<b>32,246,534</b>	28,449,351
Less: current portion of long-term debt and term loans including reclassifications due to amounts due on demand	2,993,726	2,995,380
	<b>29,252,808</b>	25,453,971

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:

2021	2,993,726
2022	2,306,966
2023	2,248,894
2024	1,871,070
2025	1,914,012
Thereafter	20,911,866

**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, 2020, the company was in compliance with all such covenants.

**Samson Cree Nation**  
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**16. Inventory held for use**

Inventory held for use relates to Samson Tribal Enterprises and consists of gravel of \$119,750 (2019 - \$54,999) and grain, seed and sileage of \$nil (2019 - \$77,928).

**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. 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.

During the year, 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 \$7,837,096. 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. On November 5, 2019, the Nation and Louis Bull Nation filed a joint appeal record and on January 6, 2020 also filed their respective factums in the appeal. Chevron and Canada filed their respective factums on May 8, 2020. The Nation and Louis Bull Nation filed their responses to the cross appeal on June 5, 2020. The appeal has been scheduled to be heard on September 14, 2021.

Chevron has abandoned its claim for compound interest as well as interest to be calculated at the rates paid to First Nations for funds held in the Consolidated Revenue Fund. Rather Chevron seeks only simple interest for the overpaid royalties to be calculated from the date of each overpayment as opposed to the date on which the statement of claim was served.

As at March 31, 2020, the Nation has not recognized a liability for the judgment amount of \$7,961,316 (2019 - \$7,837,096) 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 consolidated 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.

**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 Nipisihkopahk Iyinisiwin 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 and certain long-term debt amounts which bear interest at rates agreed upon at the time of issuance.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
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**18. Financial instruments** *(Continued from previous page)*

***Other price risk***

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

**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.

**Samson Cree Nation**  
**Notes to the Consolidated Financial Statements**  
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**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. Significant event**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.

These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Nation's operations and financial condition.

**22. Comparative figures**

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