

Samson Cree Nation
Consolidated Financial Statements
March 31, 2022

Samson Cree Nation

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For the year ended March 31, 2022

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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 fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

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

September 27, 2022

Original Signed by

Finance
Administrator

Original Signed by

Councillor

To the Members of Samson Cree Nation:

Qualified Opinion

We have audited the consolidated financial statements of Samson Cree Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, 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 First Nation as at March 31, 2022, and the results of its consolidated operations, its consolidated remeasurement gains and losses, changes in its 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 \$192,903,009 as at March 31, 2022 and \$166,227,164 as at March 31, 2021, and surplus would increase by \$26,675,845 for the year ended March 31, 2022 and would increase by \$22,830,611 for the year ended March 31, 2021. Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified because of the effects of this departure from Canadian public sector accounting standards.

As discussed in Note 18 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 \$8,027,889 as at March 31, 2022 and \$8,018,237 as at March 31, 2021. As at March 31, 2022, 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 \$8,027,889 as at March 31, 2022 and \$8,018,237 as at March 31, 2021 and surplus would decrease by \$9,652 for the year ended March 31, 2022 and \$56,921 for the year ended March 31, 2021. Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified because of the effects of this departure from Canadian public sector accounting standards. Subsequent to year end on May 24, 2022 the parties reached an agreement in principle which is subject to a ratification vote by membership to be held in November of 2022 and subject to the completion of other conditions.

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 Consolidated Financial Statements section of our report. We are independent of the First 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 First 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 liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First 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 First 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 First 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 First 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 First 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

September 27, 2022

MNP LLP

Chartered Professional Accountants

Samson Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Financial assets		
Current		
Cash (Note 3)	51,180,843	33,081,225
Accounts receivable (Note 4), (Note 22)	5,167,683	5,198,146
Inventory for resale (Note 5)	579,372	461,760
Advances to related Nation entities and departments	352,985	-
Subtotal of current assets	57,280,883	38,741,131
Capital funds held in trust (Note 8)	905,763	906,308
Revenue funds held in trust (Note 8)	1,208,528	841,570
Kisoniyaminaw Heritage Trust Fund (Note 9)	539,135,142	533,566,223
Nipisihkopahk Iyiniisiwin Trust Fund (Note 10)	39,355,701	36,075,485
Investments in First Nation partnership and business entities (Note 11)	5,160,000	5,160,000
Oil and gas properties (Note 12)	1,228,086	1,309,616
Total financial assets	644,274,103	616,600,333

Samson Cree Nation
Consolidated Statement of Financial Position
As at March 31, 2022

	2022	2021
Liabilities		
Current		
Bank indebtedness (Note 14)	17,103	173,449
Accounts payable (Note 15)	5,367,388	6,349,184
Deferred revenue (Note 16)	48,391,071	24,335,974
Current portion of long-term debt (Note 17)	3,232,635	3,105,158
Subtotal of current liabilities	57,008,197	33,963,765
Long-term debt and term loans (Note 17)	22,380,467	28,982,054
Total financial liabilities	79,388,664	62,945,819
Net financial assets	564,885,439	553,654,514
Guarantees (Note 14), (Note 17)		
Contingencies (Note 18)		
Non-financial assets		
Tangible capital assets (Note 13) (Schedule 1)	112,786,603	107,262,574
Inventory held for use (Note 6)	91,454	119,750
Prepaid expenses (Note 7)	505,995	-
Total non-financial assets	113,384,052	107,382,324
Accumulated surplus	678,269,491	661,036,838
Accumulated surplus is comprised of:		
Accumulated surplus	623,327,826	592,462,705
Accumulated remeasurement gains	54,941,665	68,574,133
	678,269,491	661,036,838

Approved on behalf of the Council

Original Signed by
Chief

Original Signed by
Councillor

Samson Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022

	Schedules	2022 Budget	2022 Actual	2021 Actual
Revenue				
Government funding				
Indigenous Services Canada	25,133,794	25,133,794		31,794,040
Canada Mortgage and Housing Corporation	9,487,694	9,487,694		482,758
First Nations and Inuit Health Branch	5,074,895	5,074,895		3,652,647
Employment and Social Development Canada	3,118,134	3,118,134		1,635,446
First Nations Development Fund	817,539	817,539		607,910
Government of Canada - RCMP building	508,008	508,008		544,282
	44,140,064	44,140,064		38,717,083
Samson Management - Gas Bar	-	9,776,810		7,786,467
Samson Management - Real Estate	-	1,570,638		1,582,940
Samson Management - Roots & Berries	-	1,330,274		1,245,764
Samson Management - Maskepetoon Automotive	-	527,611		629,401
Samson Management - Robins Donuts	-	122,971		341,162
Samson Management - Subway	-	232,205		272,461
Samson Management - Art Gallery	-	588,983		202,571
Samson Management - Off Reserve Housing	-	207,590		152,062
Samson Management - Administration	-	390,948		119,518
Maskwacis Ambulance Authority	-	6,292,245		5,868,043
Samson Cree Medical Services	-	3,308,221		2,034,975
Parcan Developments	-	2,017,416		1,651,662
Samson Tribal Enterprises	-	1,539,798		1,497,691
Samson Recreation Bingo	-	1,295,890		839,450
Bear Hills Industries	-	814,368		799,938
Other revenue	-	3,799,654		3,868,122
Peace Hills Trust dividend	-	500,000		500,000
Peace Hills General Insurance dividend - preferred	-	325,000		325,000
Peace Hills General Insurance dividend -common	-	206,000		139,072
GST refunds	-	-		128,751
Capital funds held in trust (Note 8)	-	339,700		204,119
Revenue funds held in trust (Note 8)	-	246,127		157,223
Kisoniyaminaw Heritage Trust Fund (Note 9)	21,887,679	46,810,487		22,297,213
Nipisihkopahk Iyiniisiwin Trust Fund (Note 10)	-	1,923,245		1,919,957
Kisoniyaminaw Heritage Trust Fund	-	(1,263,282)		(4,841,675)
Band funds revenue (Note 8)	-	(12,023)		-
	66,027,743	127,030,940		88,438,970

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Samson Cree Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022

	<i>Schedules</i>	<i>2022 Budget</i>	<i>2022 Actual</i>	<i>2021 Actual</i>
Total revenue <i>(Continued from previous page)</i>		66,027,743	127,030,940	88,438,970
Program expenses				
Governance Segment	3	5,447,197	6,794,124	6,080,438
Operational and Justice Support Segment	4	4,648,110	5,263,060	5,125,506
Community Wellness and Family Support Segment	5	19,243,354	20,156,891	14,549,908
Housing and Infrastructure Segment	6	11,376,090	11,388,438	13,471,972
Education, Youth and Skills Development Segment	7	4,402,856	4,873,227	3,676,173
Nation Projects Segment	8	9,869,625	10,925,219	9,736,818
Nation Businesses Segment	9	-	28,460,584	25,300,417
Other Programs Segment	10	-	4,298,503	3,725,199
Total expenses		54,987,232	92,160,046	81,666,431
Surplus before other items		11,040,511	34,870,894	6,772,539
Other income (expense)				
Government subsidies <i>(Note 17), (Note 22)</i>		-	431,908	898,792
Gain on disposal of Samson Tribal Enterprises equipment		-	73,394	-
Forgiveness of long-term debt <i>(Note 22)</i>		-	54,500	278,779
Gain on disposal of Samson Oil & Gas equipment		-	5,566	30,400
(Bad debts) recovery - prior years ISC funding		-	-	177,497
Depletion of oil and gas properties <i>(Note 12)</i>		-	(81,530)	(90,009)
Amortization <i>(Schedule 1)</i>		-	(4,489,611)	(3,881,390)
		-	(4,005,773)	(2,585,931)
Surplus		11,040,511	30,865,121	4,186,608
Accumulated surplus, beginning of year		592,462,705	592,462,705	588,276,097
Accumulated surplus, end of year		603,503,216	623,327,826	592,462,705

Samson Cree Nation
Consolidated Statement of Remeasurement Gains and Losses
For the year ended March 31, 2022

	2022	2021
Accumulated remeasurement gains (losses), beginning of year	68,574,133	(28,695,965)
Unrealized gains attributable to:		
Portfolio investments in KHTF and NITF	22,761,211	108,960,202
Amounts reclassified to the statement of operations:		
Portfolio investments in KHTF and NITF	(36,393,679)	(11,690,104)
Change in remeasurement gains (losses), for the year	(13,632,468)	97,270,098
Accumulated remeasurement gains, end of year	54,941,665	68,574,133

Samson Cree Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2022

	<i>2022 Budget</i>	<i>2022 Actual</i>	<i>2021 Actual</i>
Annual surplus	11,040,511	30,865,121	4,186,608
Purchases of tangible capital assets	-	(10,401,323)	(9,055,653)
Proceeds of disposal of tangible capital assets	-	466,553	53,908
Acquisition of prepaid expenses	-	(505,995)	-
Change in remeasurement gains (losses) for the year	-	(13,632,468)	97,270,098
Amortization of tangible capital assets	-	4,489,701	3,881,390
Gain on disposal of tangible capital assets	-	(78,960)	(30,400)
Use of inventory held for sale	-	28,296	-
Increase in net financial assets	11,040,511	11,230,925	96,305,951
Net financial assets, beginning of year	553,654,514	553,654,514	457,348,563
Net financial assets, end of year	564,695,025	564,885,439	553,654,514

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

Samson Cree Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Receipts from government sources	64,827,183	47,014,252
Receipts from trust funds	26,522,176	26,095,206
Receipts from other sources	37,405,533	30,751,743
Cash paid to suppliers and employees	(91,457,568)	(78,534,399)
Interest paid	(891,020)	(1,207,084)
	36,406,304	24,119,718
Financing activities		
Advances of bank indebtedness, net of repayments	(156,346)	(804,863)
Advances of long-term debt and term loans	-	2,903,942
Repayment of long-term debt and term loans	(6,474,110)	(3,063,264)
	(6,630,456)	(964,185)
Capital activities		
Purchases of tangible capital assets	(11,789,798)	(10,291,751)
Proceeds of disposal of tangible capital assets	466,553	53,908
Advances to related Nation entities and departments	(352,985)	-
	(11,676,230)	(10,237,843)
Increase in cash resources	18,099,618	12,917,690
Cash resources, beginning of year	33,081,225	20,163,535
Cash resources, end of year	51,180,843	33,081,225

1. Operations

The Samson Cree Nation (the "First 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 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

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities. Trusts administered on behalf of third parties by Samson Cree Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Samson Tribal Enterprises Ltd.
- Samson Management Ltd.
- Samson Management (2009) Ltd.
- Samson Management Limited Partnership
- Samson Cree Nation Business Trust
- Nipisihkopahk Iyiniisiwin Trust Fund
- Parcan Developments Inc.
- Mikhwan 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.
- Samson Recreation Bingo

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Samson Cree Nation government business entities, owned or controlled by the First Nation's Council but not dependent on the First 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 government business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

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

- Peace Hills Trust Company
- Peace Hills General Insurance Company

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

Reporting entity *(Continued from previous page)*

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 companies from the consolidated financial statements.

Investments in partnerships are accounted for using the proportionate consolidation method. The First Nation's pro-rata share of the assets, liabilities, revenue, and expenses of the partnership have been combined on a line-by-line basis with similar items of the First Nation.

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, inventory held for use and prepaid expenses. Inventory held for use consists of gravel.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

Government Transfers

The First 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First 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 First Nation records externally restricted inflows in deferred revenue.

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

Revenue recognition *(Continued from previous page)*

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 First 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 Nipisihkopahk Iyiniwin 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, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues 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 revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) attributable to financial instruments in the fair value category do not affect this assessment as they are recognized in the consolidated statement of remeasurement gains and losses. Taken together, the two statements account for changes in a First 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 and cash equivalents

Cash and cash equivalent include 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 costs.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

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

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity 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.

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

Oil and gas properties *(Continued from previous page)*

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 based on historical cost accounting records 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.

When conditions indicate that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

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, 2022 included townsite - housing of \$9,004,336 (2021 - \$nil). The waste transfer station of \$nil (2021 - \$4,105,270), and water treatment facility of \$nil (2021 - \$34,498,522) have been completed however have not been put in to services as of March 31, 2022.

Social housing assets acquired under Canada Mortgage and Housing Corporation ("CMHC") sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Buildings - Nation and Education	declining balance	4-5 %
Houses - townsite	declining balance	10 %
Houses - country	declining balance	10 %
Equipment	declining balance	10-100 %
Infrastructure	declining balance	5 %

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 amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

Segments

The First Nation conducts its business through 8 of reportable segments: Governance, Operational & Justice Support, 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 First 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.

The reportable segments include the following departments and entities:

Governance segment: Chief and Council, in house contractor/lawyer, band administration, council support and operating costs, finance, economic development and nation enhancements.

Operational and Justice Support: Sewing Project, Central Registry, Hawk Radio, Information Technology, Membership, Personnel, Youth & Sports, Four Nations Arena, Pigeon Lake Recreation Centre, Community Initiatives, Community Friendship Centre & Food Bank, Satellite Offices, Justice, Peacekeepers and Inter Governmental Office.

Community Wellness and Family Support: ISETP, HR Provincial, NCBR, WFTD, Healthy Families, Elders Support & Assisted Living, Maskwacis Parents Place, Daycare, Community Wellness, Indian Residential School, Social Assistance, Family Support, Pre-Employment Support, Special Needs, Child Out of Parental Home, Covid 19 response, CDE planning and response, Traditional Healer, Land-Based Healing and Crisis Response.

Housing and Infrastructure: Fire Department, Residential Development, Natural Resources & Co-op, Public Works, Trades Centre, Waste & Wastewater Management, CMHC Housing, CTA Maintenance, Special Projects - CCP, Emergency Disaster, Nipy Water and CMHC - Rapid Housing Initiative.

Education, Youth and Sports Development: Post Secondary, NEA Head Start Program, Horizontal Training, NEA Summer Student Program, FNIYES Skill Link, Celebration, Atoskewin and Nipisihkopahk Iyiniisiwin Trust Fund

Nation Projects: Samson Recreation Bingo, Lawyer Fees, RCMP Building Utilities, Business Travel, Utilities, Community Requests, Nation Member Dividend, Banking and Debt, Energy Audit, First Nations Development Fund, RCMP, Consultation, Rodeo, Staff Association, Off Reserve Covid and Covid Isolation Centre.

Nation Businesses: Bear Hills Industries, Samson Management, Samson Tribal Enterprises, Parcan Developments, Samson Recreation Bingo, Mihkwan Financial Advisory, Maskwacis Ambulance Authority and Samson Cree Medical Services.

Other Programs: Trust Funds, SCN Trust Grant Bank Account and Tangible Capital Assets.

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

Liability for contaminated site

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

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

At year-end, there was no liability recorded for contaminated sites (2021 - none).

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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability 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. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in operations in the years in which they become known.

Financial instruments

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

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year.

The First 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 operations. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized 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, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

Future accounting standards

PS 3450 Financial Instruments, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives. The new Section and amendments are now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022.

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of a liability for retirement of a tangible capital asset. As this standard includes solid waste landfill sites active and post-closing obligations upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 will be withdrawn. The new Section is now effective for annual financial statements relating to fiscal years beginning on or after April 1, 2022.

The extent of the impact on adoption of these future standards is not known at this time.

3. Cash

	2022	2021
Nation Departments:		
Payroll	208,562	206,048
Treasury and Operations	28,089,360	18,580,889
Social Development	159,609	540,718
Service Fees	39,947	39,796
Nipisihkopahk Education Authority	(89,379)	21,787
First Nations Development Fund	1,791,167	898,904
CMHC Innovative Housing Program	12,126,402	3,698,248
Community Wellness	3,525,615	3,279,341
Human Resources (HRDC)	664,705	898,718
Nation Member Dividend	(936,233)	(497,519)
Wastewater	25,056	85,714
	45,604,811	27,752,644
Other Entities:		
Parcan Developments - includes GIC of \$100,000 (2021 - \$100,000)	1,273,250	1,004,604
Bear Hills Industries	1,266	26,360
Samson Tribal Enterprises	89,899	88,926
Bingo	229,682	246,465
Mihkwana Financial Advisory	339,888	158,876
RCMP	148,074	175,035
Samson Management	1,013,771	1,108,271
Maskwacis Ambulance Authority	140,175	601,392
SCN Trust Grant bank account	1,857,242	1,539,074
Corporate Trust	319,839	319,519
Samson Cree Medical Services	162,946	60,059
	5,576,032	5,328,581
	51,180,843	33,081,225

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

4. Accounts receivable

	2022	2021
Nation Departments:		
First Nations Development Fund	146,384	423,711
Government of Canada - RCMP building	176,343	176,343
Indigenous Services Canada - receivables and PAYE	187,954	227,850
	510,681	827,904
Other Entities:		
Samson Management (Note 22)	1,214,208	1,425,386
Parcan Developments	192,730	328,861
Samson Tribal Enterprises	281,421	353,954
Bear Hills Industries	1,156,923	920,195
Advances - Mikhwan Financial Advisory	-	216,703
Maskwacis Ambulance Authority	1,085,171	752,371
Samson Cree Medical Services Inc.	726,549	372,772
	4,657,002	4,370,242
	5,167,683	5,198,146

5. Inventory for resale

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

	2022	2021
Tobacco (Gas Bar)	83,631	89,954
Confectionary (Gas Bar)	63,118	52,344
Fuel (Gas Bar)	72,095	50,997
Parts (Automotive)	44,478	32,534
Merchandise (Pharmacy)	315	330
Pharmaceuticals (Pharmacy)	87,752	76,787
Food (Subway)	5,544	5,544
Food (Robins Donuts)	-	18,441
Artwork (Art Gallery)	210,103	134,829
Artwork (WEM)	12,336	-
	579,372	461,760

The cost of inventories recognized as an expense and included in expenses amounts to \$10,273,254 (2021 - \$8,354,365).

6. Inventories of held for use

Inventory held for use relates to Samson Tribal Enterprises and consists of gravel of \$91,454 (2021 - \$119,750).

7. Prepaid expenses and deposits

Prepaid deposit of \$505,995 (2021 - \$nil) to Northplex Ltd. for five modular housing units. Total cost of the units will be \$1,264,987. The balance remaining of \$758,992 will be due 14 days prior or delivery of the units. Units are expected to be completed by January 2023.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Capital and revenue funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of *Indigenous Services Canada*, with the consent of the First Nation's Council. Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus.

	2022	2021
Capital Trust		
Indigenous Services Canada capital trust	533,196	606,594
Suspense account (membership)	146,476	143,712
Share of Four Nations trust accounts	226,091	156,002
	905,763	906,308
Summary of Activity:		
Balance, beginning of year	906,308	949,395
Interest revenue	2,764	1,659
Oil and gas royalties	336,936	202,460
Transfer to revenue funds held in trust	(132,854)	(124,328)
Transfer to Kisoniyaminaw Heritage Trust Fund	(207,391)	(122,878)
	905,763	906,308
Revenue trust		
Indigenous Services Canada revenue trust account	1,186,346	819,388
Suspense account (oil & gas)	22,182	22,182
	1,208,528	841,570
Summary of Activity		
Balance, beginning of year	841,570	1,210,019
Interest revenue	31,026	17,769
Oil and gas royalties	205,958	139,454
Rental Revenue	9,143	-
Transfer from capital funds held in trust	132,854	124,328
Withdrawal of band funds	(12,023)	(650,000)
	1,208,528	841,570

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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.

	2022	2021
Summary of Activity		
Net assets, beginning of year	533,566,223	438,667,862
Transfer from capital funds held in trust	207,391	122,878
Investment income and realized gains	46,810,487	22,297,213
Unrealized gains (losses)	(16,723,328)	96,160,443
Investment management fees	(2,359,831)	(1,962,918)
Trustee honoraria	(243,647)	(223,299)
Professional fees	(87,595)	(115,949)
Custodial	(83,732)	(78,252)
Administration, annual report and bank charges	(56,285)	(51,434)
Commissions	(6,862)	(9,570)
Transfers to programs	(21,887,679)	(21,240,751)
Net assets, end of year	539,135,142	533,566,223

10. Nipisihkopahk Iyiniisiwin 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.

	2022	2021
Summary of Activity:		
Net assets, beginning of year	36,075,485	34,793,315
Investment income and realized gains	1,923,245	1,919,957
Unrealized gains	3,090,860	1,109,655
Investment management fees	(188,474)	(130,079)
Custodial fees	(37,332)	(34,448)
Audit fees	(10,500)	(10,500)
Professional fees	(3,275)	(3,308)
Distributions to SCN Trust Grant bank account	(1,494,308)	(1,569,107)
Net assets, end of year	39,355,701	36,075,485

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

11. Investments in First Nation partnership and business entities

The Nation has investments in the following entities:

				2022
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
Investments - at cost				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000
Wholly-owned Businesses:				
Peace Hills General Insurance Company - 5,000 Class A preferred shares	5,000,000	-	-	5,000,000
	5,160,000	-	-	5,160,000
				2021
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
Investments - at cost				
Investor membership in Anishnabe Healing Centre	160,000	-	-	160,000
Wholly-owned Businesses:				
Peace Hills General Insurance Company - 5,000 Class A preferred shares	5,000,000	-	-	5,000,000
	5,160,000	-	-	5,160,000

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. As of March 31, 2022 Peace Hills General Insurance Company declared and paid a dividend in the amount of \$325,000 (2021 - \$325,000) on the preferred shares.

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

12. Oil and gas properties

	2022	2021
Bear Hills Industries:		
Cost	7,639,505	7,639,505
Accumulated depletion	(6,411,419)	(6,329,889)
	1,228,086	1,309,616

13. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

14. Bank indebtedness

	2022	2021
Samson Tribal Enterprises		
BMO operating line of credit	17,103	173,449

As at March 31, 2022, the prime interest rate was 2.70% (2021 - 2.45%).

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 (2021 - \$500,000) of which \$17,103 (2021 - \$173,449) was drawn at year-end.

This facility is secured by: a collateral mortgage in the amount of \$8,000,000 (2021 - \$8,000,000) over 6,292 acres of land, a corporate guarantee of \$500,000 (2021 - \$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 Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

15. Accounts payable and accruals

	2022	2021
Nation Departments:		
Nation programs and services	2,098,773	3,222,451
Other Entities:		
Bear Hills Industries	1,093,891	1,027,462
Samson Tribal Enterprises	227,526	329,833
Parcan Developments	198,472	345,704
Samson Management	758,345	697,260
Maskwacis Ambulance Authority	239,745	233,036
Samson Cree Medical Services	215,955	68,237
Samson Recreation Bingo	408,007	424,790
SCN General Trust bank account	11,296	411
Mikwan Financial Advisory	115,378	-
	3,268,615	3,126,733
	5,367,388	6,349,184

As at March 31, 2022, accounts payable and accruals includes \$688,132 (2021 - \$2,158,227) in amounts related to capital projects.

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, 2022. The following table represents changes in the deferred revenue balance attributable to each major category of funding source:

	<i>Balance, beg. of year</i>	<i>Amounts rec. in year</i>	<i>Recognized in year</i>	<i>Balance, end of year</i>
Indigenous Services Canada:				
Fixed - service delivery	928,381	1,533,297	1,138,054	1,323,624
Fixed - First Nations and Inuit - Skills Link program	939,210	120,605	487,857	571,958
Fixed - operations - maintenance	467,816	-	-	467,816
Fixed - client supports	199,225	204,426	381,870	21,781
Fixed - water systems	337,506	441,187	441,187	337,506
Fixed - wastewater systems	337,505	346,122	416,422	267,205
Fixed - FN & Inuit - summer work experience	85,288	-	85,288	-
Fixed - post secondary student support program	424,135	3,382,597	3,240,338	566,394
Fixed - capital planning	-	111,700	-	111,700
Fixed - construction	-	1,425,000	-	1,425,000
Fixed - roads and bridges	-	1,420,675	515,693	904,982
Fixed - CDE	-	395,119	330,293	64,826
Fixed - in home care	-	502,349	185,772	316,577
Fixed - energy systems	-	250,000	33,653	216,347
Fixed - community buildings	-	898,651	319,416	579,235
Fixed - community service	-	1,765,868	690,019	1,075,849
Fixed - drinking water advisories	-	2,225,000	-	2,225,000
Flexible - special needs	331,083	325,015	316,062	340,036
Flexible - basic needs	2,188,254	9,282,538	6,697,959	4,772,833
Flexible - recovery	2,072,996	-	1,244,558	828,438
Flexible - emergency management assistance	-	1,969,494	662,976	1,306,518

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

16. Deferred revenue *(Continued from previous page)*

	<i>Balance, beg. of year</i>	<i>Amounts rec. in year</i>	<i>Recognized in year</i>	<i>Balance, end of year</i>
Set - special needs	7,200	127,784	134,984	-
First Nations Development Fund	1,130,212	1,337,518	817,539	1,650,191
Employment and Social Development Canada: Daycare	547,343	706,544	429,767	824,120
ISETP Funding	425,849	2,262,518	2,688,367	-
First Nations and Inuit Health Branch: Healthy Families	192,563	308,229	484,313	16,479
Community Wellness	3,994,473	5,998,156	4,283,769	5,708,860
NEA Headstart	563,193	671,258	348,163	886,288
Horizontal Training	107,381	177,157	-	284,538
Canada Mortgage and Housing Corporation	2,965,858	17,559,744	9,004,336	11,521,266
Kisoniyaminaw Heritage Trust Fund: Band Administration	4,685,310	958,386	368,629	5,275,067
Housing	402,100	820,679	820,679	402,100
Other revenue:				
Hawk Radio	185,348	1,325	107,569	79,104
Consultation	60,511	478,600	539,111	-
Energy Audit	124,169	-	124,169	-
Parents Place	58,065	94,550	84,069	68,546
Friendship Centre	75,000	41,700	41,700	75,000
Peace Hills Trust dividend	500,000	500,000	500,000	500,000
Kasohkewew Child Wellness Society rental revenue	-	3,544,682	168,795	3,375,887
	24,335,974	62,188,473	38,133,376	48,391,071

17. Long-term debt and term loans

	2022	2021
Samson Cree Nation - BMO term loan repayable at \$47,645 per month including interest at 1.84% per annum, maturing January 2024, 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.	10,264,580	10,643,660
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.	2,955,834	4,225,753
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.	2,230,356	2,280,462

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

	2022	2021
Samson Cree Nation - CMHC Direct Lending financing repayable at \$4,078 per month including interest at 1.01% per annum, maturing August 2026, secured by ISC Ministerial guarantee and CMHC insurance.	863,319	903,333
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.	621,282	708,207
Samson Cree Nation - CMHC Direct Lending financing repayable at \$6,186 per month including interest at 1.51% per annum, maturing November 2026, secured by ISC Ministerial guarantee and CMHC insurance.	581,729	648,634
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.	500,073	546,893
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.	207,763	240,620
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.	136,875	158,426
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,479 per month including interest at 1.53% per annum, maturing May 2026, secured by ISC Ministerial guarantee and CMHC insurance.	71,676	88,498
Samson Cree Nation - CMHC Direct Lending financing repayable at \$1,218 per month including interest at 1.53% per annum, maturing May 2026, secured by ISC Ministerial guarantee and CMHC insurance.	59,039	72,895
Samson Cree Nation - First Nations Bank financing for RCMP building repayable at \$39,152 per month including interest at 3.60%, 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.	2,963,354	3,319,463
Samson Cree Nation - First Nations Bank financing for Kasohkowew Child Wellness Society (2012). Fully repaid during the year.	-	3,364,435
Parcan Developments - Canadian Western Bank mortgage, repayable in monthly payments of \$43,101 plus interest at prime plus 1.25%, maturing January 2023, 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. As at March 31, 2022, the prime was 2.70% (2021 - 2.45%).	431,012	948,227

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

	2022	2021
Parcan Developments - Indian Business Corporation loan received of \$40,000 which is unsecured, non-interest bearing, payable in monthly instalments of \$833 beginning September 2021, and maturing September 2024. Of the total advances received, \$10,000 is non-repayable and was included in other income - forgiveness of long-term debt in 2021.	23,333	30,000
Bear Hills Industries - Canadian Emergency Business Account ("CEBA") loan received of \$40,000 which is unsecured, non-interest bearing and provided 75% of the loan is repaid by December 31, 2023, the remaining 25% of the loan will be forgiven. As the company expects to meet these repayment terms, the \$10,000 forgivable portion of the loan was recognized as other income - forgiveness of long-term debt in 2021.	25,833	30,000
Samson Tribal Enterprises - Canadian Emergency Business Account ("CEBA") loan received of \$60,000 which is unsecured, non-interest bearing and provided 75% of the loan is repaid by December 31, 2023, the remaining 25% of the loan will be forgiven. As the company expects to meet these repayment terms, the \$20,000 forgivable portion of the loan was recognized as other income - forgiveness of long-term debt in 2021.	38,000	40,000
Samson Management - CIBC mortgage bearing interest at 3.84% per annum, payable in monthly instalments of \$11,920 including interest, maturing February 2025, secured by a first priority mortgage in the amount of \$4,927,500; assignment of fire and other perils property insurance; and a general security agreement giving first registered security interest (aside from the ATB Financial mortgage described below). The facility is also subject to certain restrictions with respect to liens on present and / or future assets.	1,912,532	1,987,202
Samson Management - ATB Financial mortgage payable bearing interest at 3.70% per annum, payable in monthly instalments of \$6,700 including interest, maturing December 2040, secured by specific real estate properties, a general security agreement, guarantees, and postponement and assignment of claims.	1,095,199	1,131,358
Samson Management - Centex Petroleum non-interest bearing, forgivable loan. The loan is to be forgiven over the term of the agreement of ten years, terminating in October 2029. During the year, \$54,500 (2021 - \$158,779) was recognized in other income - forgiveness of long-term debt with respect to the forgivable loan.	424,646	479,146
Samson Management - Indian Business Corporation loans received of \$320,000 which are unsecured, non-interest bearing, payable in monthly instalments of \$6,667 beginning August 2021, and maturing August 2024. Of the total advances received, \$80,000 is non-repayable and was included in other income - forgiveness of long-term debt in 2021.	206,667	240,000
	25,613,102	32,087,212
Less: current portion of long-term debt and term loans	3,232,635	3,105,158
	22,380,467	28,982,054

Samson Cree Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

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

Principal repayments on long-term debt in each of the next five years and thereafter (excluding the Samson Management - Centrex Petroleum loan), assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2023	3,232,635
2024	2,770,090
2025	1,661,769
2026	1,395,068
2027	1,399,067
	<hr/>
	10,458,629
	<hr/>
Thereafter	14,729,827
	<hr/>

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, 2022, the company was in compliance with all such covenants.

18. Contingencies

In the normal conduct of operations, there are pending claims by and against the First 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.

In prior 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 was 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, 2022, the Nation has not recognized a liability for the judgment amount of \$8,027,889 (2021 - \$8,018,236) in the consolidated financial statements, as it does not admit liability and as noted, is appealing certain portions of the decision. Subsequent to year end on May 24, 2022 the parties reached an agreement in principle which is subject to a ratification vote by membership to be held in November of 2022 and subject to the completion of other conditions. The outcome is not determinable as at the date of the consolidated financial statements as the ratification vote has not taken place and conditions are still to be met by all parties.

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.

19. Financial Instruments

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

Risk Management Policy

The First 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 First 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 Iyiniwin 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 Iyiniwin 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 Iyiniwin Trust Fund.

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

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The Nation is exposed to credit risk primarily through its accounts receivable. The Nation manages its credit risk by performing regular credit assessments of its customers, providing allowances for potentially uncollectible accounts receivable, and considering credit ratings of counterparties.

Liquidity Risk

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

Contractual maturities of long-term debt are disclosed in Note 17.

The First Nation manages the liquidity risk resulting from its accounts payable and long-term debt by investing in liquid assets, such as stocks and government bonds.

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 Iyiniwin 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.

20. Budget information

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

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 ("OSFI"), 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 OSFI and reports on an ongoing basis to OSFI.

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. Significant event

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various levels of government around the world responding in different ways to address the outbreak. The Nation continues to monitor its operations and assess the impacts COVID-19 will have on its business activities.

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.

Canada Emergency Commercial Rent Assistance ("CECRA")

Parcan Developments - in the prior year, the company applied for CECRA. CECRA was introduced in response to the COVID-19 pandemic to provide relief for small businesses who experienced financial hardship due to COVID-19. This program ended October 2020. During the year, the company recognized \$nil (2021 - \$232,430) in CECRA in the consolidated statement of operations - government subsidies.

Indigenous Businesses Initiative ("IBI")

Parcan Developments - in the prior year, the company secured \$40,000 in advances through the IBI program, of which \$10,000 is non-repayable and has been included in the consolidated statement of operations - forgiveness of long-term debt for the year ended March 31, 2021. The remaining \$30,000 is an interest-free loan with principal payments required in monthly instalments of \$833.

Samson Management - in the prior year year, the company secured \$nil (2021 - \$320,000) in advances through the IBI program, of which \$nil (2021 - \$80,000) is non-repayable and has been included in the consolidated statement of operations - forgiveness of long-term debt for the year ended March 31, 2022. The remaining \$nil (2021 - \$240,000) is an interest-free loan with principal payments required in monthly instalments of \$6,667.

22. Significant event *(Continued from previous page)*

Canada Emergency Wage Subsidy ("CEWS")

Samson Management - under the CEWS program, certain organizations experiencing revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages paid during those periods. This program ended October 2021. Included in the consolidated statement of operations - government subsidies, for the year ended March 31, 2022, the company claimed assistance under the CEWS programs of \$104,930 (2021 - \$441,307) of which \$nil (2021 - \$83,125) remained in accounts receivable at year-end.

Bear Hills Industries - under the CEWS program, certain organizations experiencing revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages paid during those periods. This program ended October 2021. Included in the consolidated statement of operations - government subsidies, for the year ended March 31, 2022, the company claimed assistance under the CEWS programs of \$131,605 (2021 - \$108,657) of which \$nil (2021 - \$nil) remained in accounts receivable at year-end.

Temporary Wage Subsidy ("TWS")

Samson Management - under the TWS program, eligible organizations were provided a credit for payroll remittances made between March and June 2020. This was a temporary measure intended to provide swift relief from any financial hardship caused by COVID-19 and was not extended beyond June 2020. Included in the consolidated statement of operations - government subsidies, for the year ended March 31, 2022, the company claimed TWS assistance of \$nil (2021 - \$25,000).

Canada Emergency Business Account ("CEBA")

Samson Tribal Enterprises - during the year, the company secured a \$nil (2021 - \$60,000) interest-free loan through the CEBA program. No principal payments are required until December 2023. Repayment of the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25% or \$nil (2021 - \$20,000) of the loan. During the year, the company recognized the forgivable portion of the loan of \$nil (2021 - \$20,000) in the consolidated statement of operations - forgiveness of long-term debt.

Bear Hills Industries - during 2021, the company secured a \$40,000 interest-free loan through the CEBA program. No principal payments are required until December 2023. Repayment of the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25% or \$10,000 of the loan. During 2021, the company recognized the forgivable portion of the loan of \$10,000 in the consolidated statement of operations - forgiveness of long-term debt. As of March 31, 2022, the company has paid off \$4,167 of the loan for a remaining balance of \$25,833.

23. Economic dependence

Samson Cree Nation receives a significant portion of its revenue from Indigenous Services Canada as a result of Treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services Canada under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

24. Compliance with laws and regulations

The First Nation is required by the First Nations Financial Transparency Act to submit its consolidated financial statements to ISC, and post its consolidated financial statements on a website, within 120 days of the year-end. As the First Nation had not done this, it is not in compliance with this law. The potential effect of the non-compliance is unknown.

25. Comparative figures

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