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Driftpile Cree Nation

Consolidated Financial Statements

March 31, 2018

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CANADA
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Driftpile Cree Nation

Consolidated Financial Statements

March 31, 2018

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Driftpile Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2018

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

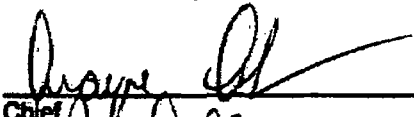

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

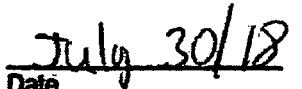
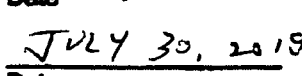
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Driftpile Cree Nation and meet when required.

On behalf of Driftpile Cree Nation:


Chief

Councilor


Date

Date



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Independent Auditor's Report

To the Members of Driftpile Cree Nation

We have audited the accompanying consolidated financial statements of Driftpile Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Driftpile Cree Nation as at March 31, 2018, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Edmonton, Canada
July 30, 2018**

Crowe MacKay LLP
Chartered Professional Accountants

Driftpile Cree Nation

Consolidated Statement of Financial Position

March 31 2018 2017

Financial Assets

| | | |
|---|--------------|--------------|
| Cash (Note 2) | \$ 1,439,778 | \$ 1,089,533 |
| Accounts receivable (Note 3) | 1,326,335 | 867,990 |
| Investments (Note 4) | 5,838 | 5,838 |
| Investment in and advances to Driftpile Entities (Note 5) | 2,003,807 | 1,995,839 |
| Ottawa Trust Funds (Note 6) | 1,103,349 | 1,063,256 |
| | 5,878,907 | 5,022,456 |

Liabilities

| | | |
|---|-----------|-----------|
| Operating loan (Note 7) | 200,000 | - |
| Accounts payable and accrued liabilities (Note 8) | 1,865,494 | 1,077,188 |
| Deferred revenue (Note 9) | 1,730,194 | 1,046,161 |
| Long-term debt (Note 10) | 1,390,528 | 2,145,100 |
| | 5,186,216 | 4,268,449 |

Net financial assets 692,691 754,007

Non-financial Assets

| | | |
|--------------------------|------------|------------|
| Capital assets (Note 11) | 30,226,436 | 30,160,653 |
| Prepaid expenses | 137,952 | 131,312 |
| | 30,364,388 | 30,291,965 |

Accumulated Surplus (Note 13) \$ 31,057,079 \$ 31,045,972

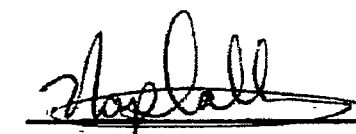
Contingent liabilities (Note 14)

Approved on behalf of the Driftpile Cree Nation


 Chief

 Councilor

 Councilor

 Councilor

 Councilor

 Councilor

Driftpile Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

| For the year ended March 31 | 2018 Budget | 2018 Actual | 2017 Actual |
|--|---------------------|----------------------|----------------------|
| Revenue | | | |
| Indigenous Services Canada (ISC) | \$ 9,631,712 | \$ 11,657,606 | \$ 10,999,325 |
| Lesser Slave Lake Indian Regional Council (LSLIRC) | 54,000 | 624,425 | 718,191 |
| Health Canada | 2,163,004 | 2,267,420 | 2,065,056 |
| First Nation Development Funds | - | 721,722 | 734,218 |
| CMHC subsidy | - | 66,703 | 76,517 |
| Net Income (loss) from DCN Entities (Note 5) | - | (285,961) | 416,912 |
| Trust Funds - Interest revenue | - | 40,093 | 38,042 |
| Other income | 2,849,049 | 2,614,877 | 2,564,971 |
| | 14,697,765 | 17,706,885 | 17,613,232 |
| Expenses (Note 19) | | | |
| Band Government | 2,326,958 | 2,321,389 | 1,984,395 |
| Education | 3,855,468 | 4,539,287 | 4,435,587 |
| Health | 2,239,724 | 2,175,150 | 1,986,521 |
| Social Services | 1,654,582 | 2,853,240 | 2,518,703 |
| Housing | 600,516 | 1,127,792 | 879,546 |
| Community Services | - | 142,842 | 178,007 |
| Economic Development | 1,045,544 | 1,040,817 | 1,300,940 |
| Public Works | 1,788,931 | 1,404,359 | 1,721,862 |
| Other | - | 61,657 | 61,357 |
| Amortization | - | 2,029,246 | 1,948,588 |
| | 13,511,723 | 17,695,779 | 17,015,506 |
| Excess of revenue over expenses | 1,186,042 | 11,106 | 597,726 |
| Accumulated surplus, beginning of year | - | 31,045,973 | 30,448,247 |
| Accumulated surplus, end of year | \$ 1,186,042 | \$ 31,057,079 | \$ 31,045,973 |

Driftpile Cree Nation**Consolidated Statement of Change in Net Financial Assets**

| For the year ended March 31 | 2018 | 2017 |
|---|-------------------|-------------------|
| Excess of revenue over expenses | \$ 11,106 | \$ 597,726 |
| Acquisition of tangible capital assets | (2,095,029) | (1,279,946) |
| Amortization of tangible capital assets | 2,029,946 | 1,948,588 |
| | (65,788) | 668,642 |
| Use (acquisition) of prepaid asset | (6,634) | (65,991) |
| Increase in net financial assets | (61,316) | 1,200,376 |
| Net financial assets (debt), beginning of year | 754,007 | (446,369) |
| Net financial assets (debt), end of year | \$ 692,691 | \$ 754,007 |

Driftpile Cree Nation

Consolidated Statement of Cash Flow

| For the year ended March 31, 2018 | 2018 | 2017 |
|---|---------------------|---------------------|
| Cash flows from | | |
| Operating activities | | |
| Excess of revenue over expenses | \$ 11,106 | \$ 597,726 |
| Items not affecting cash | | |
| Amortization of capital assets | 2,029,246 | 1,948,588 |
| | 2,040,352 | 2,546,314 |
| Change in non-cash operating working capital | | |
| Accounts receivable | (458,345) | (162,763) |
| Prepaid expenses | (6,639) | (65,991) |
| Accounts payable and accrued liabilities | 788,307 | 384,910 |
| Deferred revenue | 684,033 | 438,784 |
| | 3,047,708 | 3,141,254 |
| Financing activities | | |
| Repayment of long-term debt | (754,574) | (1,035,613) |
| Investing activities | | |
| Disposal of investments | - | 128,563 |
| Investment in First Nation controlled entities | (7,767) | (520,226) |
| Ottawa Trust Funds | (40,093) | 78,917 |
| Purchase of capital assets | (2,095,029) | (1,279,943) |
| | (2,142,889) | (1,592,689) |
| Increase in cash and cash equivalents | 150,245 | 512,952 |
| Cash and cash equivalents, beginning of year | 1,089,533 | 576,581 |
| Cash and cash equivalents, end of year | \$ 1,239,778 | \$ 1,089,533 |
| Represented by | | |
| Cash | \$ 1,439,778 | \$ 1,089,533 |
| Operating loan | (200,000) | - |
| | \$ 1,239,778 | \$ 1,089,533 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

(a) Reporting entity principles of financial reporting

The Driftpile Cree Nation reporting entity includes the Driftpile Cree Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the Driftpile Cree Nation.

First Nation business enterprises, that are owned or controlled by the Driftpile Cree Nation Council and that are not dependent on the First Nation for their continuing operations, are included in the financial statements using the modified equity method, in accordance with the Public Sector Accounting recommendations.

Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses. Enterprises accounted for by the modified equity basis includes the following:

1. Driftpile First Nation Enterprises Inc.
2. Driftpile Business Corporation
3. Driftpile Cree Nation Limited Partnerships

(b) Cash

Cash consists of funds held with financial institutions, and cheques issued in excess of funds held on deposit.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

(c) Capital assets

Capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Driftpile Cree Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

| | |
|------------------------------|---------------------------|
| Buildings and infrastructure | 10-40 years straight line |
| Automotive equipment | 5 years straight line |
| Equipment | 5 years straight line |

Capital assets are written down when conditions indicate that they no longer contribute to Driftpile Cree Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets, including recognized interest in reserve lands and natural resources, as well as assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(d) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

(e) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements, together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Investments

The investment in Driftpile Cree Nation entities are recorded using the modified equity method of accounting. All other investments are recorded at cost.

2. Cash

| | 2018 | 2017 |
|--------------------------------|---------------------|---------------------|
| Externally restricted cash | | |
| CMHC | \$ 114,637 | \$ 114,172 |
| First Nation Development Funds | 29,130 | 157,614 |
| | 143,767 | 272,251 |
| Unrestricted cash | | |
| General bank accounts | 675,265 | (333,026) |
| Term deposits | 658,762 | 1,150,308 |
| | 1,334,027 | 817,282 |
| | \$ 1,439,778 | \$ 1,089,533 |

Included in cash is a term deposit that earns interest at 1.25% annually, maturing October 2018.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

3. Accounts receivable

| | 2018 | 2017 |
|---------------------------------|--------------|------------|
| First Nation Development Funds | \$ 170,940 | \$ 170,940 |
| LSLIRC | 116,556 | 187,452 |
| Indigenous Services Canada | 260,033 | 54,901 |
| Health Canada | - | 84,258 |
| Government of Alberta | 296,569 | - |
| Members | 81,247 | 65,869 |
| Other | 1,123,335 | 763,279 |
| | 2,048,680 | 1,326,699 |
| Allowance for doubtful accounts | (722,345) | (458,709) |
| | \$ 1,326,335 | \$ 867,990 |

4. Investments

| | 2018 | 2017 |
|---|----------|----------|
| United Farmers of Alberta Co-operative Limited, at cost | \$ 5,064 | \$ 5,064 |
| Co-op shares, at cost | 672 | 672 |
| Riverboat Inc. shares, at cost | 100 | 100 |
| 1210104 Alberta Ltd. shares, at cost | 2 | 2 |
| | \$ 5,838 | \$ 5,838 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

5. Investment in and advances to Driftpile Entities

Statement of Financial Position - March 31, 2018

| | Driftpile First Nation Enterprises Inc. | Driftpile Cree Nation Limited Partnerships | Driftpile Business Corporation | 2018 | 2017 |
|---|--|--|--------------------------------------|---------------------|---------------------|
| Cash | \$ (53,836) | \$ (60) | \$ (60) | \$ (53,956) | \$ (78,341) |
| Accounts receivable | 2,098,468 | - | - | 2,098,468 | 1,027,280 |
| Investment | 56,423 | - | - | 56,423 | 56,423 |
| Property and equipment | 3,241,276 | - | - | 3,241,275 | 1,999,265 |
| Total assets | \$ 5,342,331 | \$ (60) | \$ (60) | \$ 5,342,210 | \$ 3,004,627 |
| Accounts payable | \$ 683,470 | \$ - | \$ - | \$ 683,470 | \$ 266,530 |
| Current portion of long-term debt | 253,472 | - | - | 253,472 | 207,390 |
| Current portion of capital lease obligation | 596,141 | - | - | 596,141 | 93,854 |
| Due to related parties | 686,262 | - | - | 686,262 | 392,533 |
| Long-term debt | 146,100 | - | - | 146,100 | 322,812 |
| Capital lease obligation | 1,659,420 | - | - | 1,659,420 | 118,203 |
| Total liabilities | 4,024,865 | - | - | 4,024,865 | 1,401,322 |
| Equity | 1,317,466 | (60) | (60) | 1,317,345 | 1,603,305 |
| Total liabilities and equity | \$ 5,342,331 | \$ (60) | \$ (60) | \$ 5,342,210 | \$ 3,004,627 |

Statement of Operations - March 31, 2018

| | Driftpile First Nation Enterprises Inc. | Driftpile Cree Nation Limited Partnerships | Driftpile Business Corporation | 2018 | 2017 |
|---|--|--|--------------------------------------|---------------------|---------------------|
| Revenue | \$ 5,437,748 | \$ - | \$ - | \$ 5,437,748 | \$ 3,063,563 |
| Expenses | 5,723,589 | 60 | 60 | 5,723,709 | 2,646,651 |
| Net Income (Loss) | \$ (285,841) | \$ (60) | \$ (60) | \$ (285,961) | \$ 416,912 |
| | | | | 2018 | 2017 |
| Advances to (from) Driftpile Cree Nation Entities | | | | \$ 686,262 | \$ 392,535 |
| Accumulated earnings | | | | 1,317,345 | 1,603,304 |
| Investment in and advances to Driftpile Cree Nation Entities | | | | \$ 2,003,607 | \$ 1,995,839 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

6. Ottawa Trust Funds

The Ottawa Trust Funds include funds held by the Government of Canada for the use and benefit of the Driftpile Cree Nation. These funds are accounted for as received and the release of such funds is subject to Ministerial approval.

| | March 31, 2017 | Income | March 31, 2018 |
|--------------------------------------|----------------|-----------|-------------------|
| Ottawa funds held in trust - Capital | \$ 1,055,578 | \$ - | \$ 1,055,578 |
| Ottawa funds held in trust - Revenue | 7,678 | 40,093 | 47,771 |
| | \$ 1,063,256 | \$ 40,093 | \$ 1,103,349 |

The trust fund accounts held in Ottawa arise from monies derived from capital and revenue sources which the Crown considers are described in Section 62 of the Indian Act. These funds are held in trust by the Government of Canada and the Crown treats these funds as primarily governed by sections 64 and 69 of the Indian Act.

These funds are treated by Canada as held in trust in the Consolidated Revenue fund of the Government of Canada. The funds attract interest pursuant to Section 61(2) of the Indian Act.

7. Operating loan

ATB business operating loan, due on demand, bearing interest at bank prime plus 1.25%.

8. Accounts payable and accrued liabilities

| | 2018 | 2017 |
|---------------------|--------------|--------------|
| Trade payables | \$ 1,755,245 | \$ 972,658 |
| Accrued liabilities | 110,249 | 104,530 |
| | \$ 1,865,494 | \$ 1,077,188 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

9. Deferred Revenue

Deferred revenue represents funds received that will be recognized as revenue in the next fiscal year, when the related expenses are incurred, or when the terms of the funding have been fulfilled.

| | March 31, 2017 | Funding received | Revenue recognized | March 31, 2018 |
|----------------------------------|----------------|------------------|--------------------|----------------|
| Indigenous Services Canada (ISC) | \$ 805,385 | \$ 11,837,779 | \$ (11,657,606) | \$ 985,558 |
| LSLIRC | 24,895 | 767,399 | (624,425) | 167,869 |
| Health Canada | 103,340 | 2,265,535 | (2,267,420) | 101,455 |
| Other | 112,541 | 4,457,024 | (4,094,253) | 475,312 |
| | \$ 1,046,161 | \$ 19,327,737 | \$ (18,643,704) | \$ 1,730,194 |

10. Long-term debt

| | 2018 | 2017 |
|--|--------------|--------------|
| CMHC mortgage bearing interest at 1.92%, repayable in monthly instalments of \$1,192 maturing April 2019. Secured by a ministerial guarantee. | \$ 143,029 | \$ 154,505 |
| TD Bank mortgage loan fully repaid in the year. | - | 7,309 |
| CMHC mortgage bearing interest at 1.44%, repayable in monthly instalments of \$1,053 maturing February 2022. Secured by a ministerial guarantee. | 159,515 | 169,797 |
| CMHC mortgage bearing interest at 1.01%, repayable in monthly instalments of \$2,440 maturing February 2021. Secured by a ministerial guarantee. | 599,456 | 622,595 |
| John Deere Credit Company loan, repayable in blended monthly instalments of \$2,408 including interest at 4.25%, maturing October 2018, and secured by equipment. | 16,120 | 43,791 |
| Native Claims loan, secured by a promissory note, payable on the date the claim is settled. The note is interest free unless the Nation defaults on the note, or the note matures. | 36,931 | 36,931 |
| ATB term loan payable in quarterly payments of \$175,000, including interest at bank prime plus 1.25%. Secured by capital assets and a guarantee by Lesser Slave Lake Indian Regional Council. | 418,140 | 1,081,896 |
| Ford Credit Canada loan, repayable in blended monthly instalments of \$997 including interest at 4.39%, maturing October 2019, and secured by equipment. | 17,337 | 28,276 |
| | \$ 1,390,528 | \$ 2,145,100 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

10. Long-term debt, continued

Principal portion of long-term debt due within the next five years:

| | | |
|---------------------|----|--------------|
| 2019 | \$ | 489,704 |
| 2020 | | 51,832 |
| 2021 | | 46,566 |
| 2022 | | 47,880 |
| 2023 and thereafter | | 754,546 |
| | | <hr/> |
| | | \$ 1,390,528 |
| | | <hr/> |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

11. Capital Assets

| | Cost | | | Accumulated amortization | | | |
|------------------------------|----------------------------------|--------------|-------------------------|----------------------------------|--------------|-------------------------|------------------------|
| | Balance, beginning of year | Additions | Balance, end of year | Balance, beginning of year | Amortization | Balance, end of year | 2018 net book value |
| Buildings and infrastructure | \$ 48,162,515 | \$ 1,800,931 | \$ 49,963,446 | \$ 19,158,352 | \$ 1,659,349 | \$ 20,817,701 | \$ 29,145,745 |
| Automotive equipment | 3,782,352 | 128,335 | 3,910,687 | 2,842,438 | 296,097 | 3,138,535 | 772,152 |
| Equipment | 1,921,587 | 142,263 | 2,063,850 | 1,705,011 | 71,450 | 1,776,461 | 287,389 |
| Signs | - | 23,500 | 23,500 | - | 2,350 | 2,350 | 21,150 |
| | \$ 53,866,454 | \$ 2,095,029 | \$ 55,961,483 | \$ 23,705,801 | \$ 2,029,246 | \$ 25,735,047 | \$ 30,226,436 |

| | Cost | | | Accumulated amortization | | | |
|------------------------------|----------------------------------|--------------|-------------------------|----------------------------------|--------------|-------------------------|------------------------|
| | Balance, beginning of year | Additions | Balance, end of year | Balance, beginning of year | Amortization | Balance, end of year | 2017 Net book value |
| Buildings and Infrastructure | \$ 47,129,404 | \$ 1,033,111 | \$ 48,162,515 | \$ 17,548,543 | \$ 1,609,809 | \$ 19,158,352 | \$ 29,004,163 |
| Automotive equipment | 3,709,298 | 73,054 | 3,782,352 | 2,560,879 | 281,559 | 2,842,438 | 939,914 |
| Equipment | 1,747,808 | 173,779 | 1,921,587 | 1,647,791 | 57,220 | 1,705,011 | 216,576 |
| | \$ 52,586,510 | \$ 1,279,944 | \$ 53,866,454 | \$ 21,757,213 | \$ 1,948,588 | \$ 23,705,801 | \$ 30,160,653 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

12. CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to provide a replacement reserve. This reserve is to ensure replacement of buildings financed by Canada Mortgage and Housing Corporation. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by Canada Mortgage and Housing Corporation. Withdrawals are to be credited to interest first and then to the principal.

13. Accumulated surplus

| | 2018 | 2017 |
|---------------------------------------|----------------------|----------------------|
| Operating Fund | \$ (1,559,119) | \$ (1,293,104) |
| Enterprise Funds - Driftpile Entities | 2,003,607 | 1,995,839 |
| Capital Asset Fund | 28,835,908 | 28,015,552 |
| Investment Fund | 5,838 | 5,838 |
| Trust Funds | 1,103,349 | 1,063,256 |
| Settlement Fund | 667,496 | 1,258,591 |
| | \$ 31,057,079 | \$ 31,045,972 |

14. Contingent liabilities

Government contributions related to the projects of the organization are subject to conditions regarding the expenditure of funds. The organization's accounting records are subject to audit by the various funding agencies. Should any instances be identified in which the amounts charged to projects are not in accordance with the agreed terms and conditions, amounts would be refundable to the respective funding agencies. Adjustments to the financial statements as a result of these audits will be recorded in the period in which they become known.

15. Economic Dependence

Driftpile Cree Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada and Health Canada.

16. Employment retirement plan

Driftpile Cree Nation has a defined contribution plan for its employees. Participation in the pension plan is available to substantially all employees. Employees may contribute between 1.95% and 6.9% of their gross pay, with the Nation making a matching contribution to the plan. Any voluntary amounts paid by the employee are not matched. Total employer contributions for 2018 were \$83,725 (2017 - \$50,128)

17. Budget

Budgeted figures are unaudited and have been provided by management and have been approved by Chief and Council.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

18. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

19. Expenses by Object

| For the year ended March 31 | 2018 Budget | 2018 Actual | 2017 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Expenses | | | |
| Administration fees | \$ 12,250 | \$ 36,179 | \$ 30,087 |
| Advertising | 29,925 | 1,990 | 4,432 |
| Amortization | - | 2,029,246 | 1,948,588 |
| Bad debts | - | 347,476 | 24,556 |
| Capital purchases | 124,526 | - | - |
| Community events | 405,179 | 347,513 | 329,342 |
| Education allowance | 498,830 | 552,930 | 463,874 |
| Equipment rental | 15,000 | 23,504 | 10,879 |
| Fixed expenses | - | 680,746 | 569,717 |
| Health care expenses | 773,924 | 1,442,385 | 1,411,045 |
| Human resources development | - | 312,401 | 413,440 |
| Insurance | 95,926 | 133,679 | 134,846 |
| Interest and bank charges | 2,000 | 46,080 | 90,361 |
| Interest on long-term debt | - | 15,025 | 26,824 |
| Land Fees | - | - | 67,000 |
| Materials and supplies | 231,885 | 316,365 | 279,828 |
| Meeting and travel expenses | 783,538 | 823,542 | 622,712 |
| Office | 188,333 | 225,780 | 178,090 |
| Professional fees | 214,740 | 387,458 | 233,500 |
| Program costs | 420,385 | 375,845 | 484,447 |
| Rent | 6,000 | 6,000 | - |
| Repairs and maintenance | 695,340 | 795,884 | 1,102,240 |
| Set expenses | 258,822 | 1,360,184 | 1,140,568 |
| Social assistance | 900,000 | 1,065,107 | 893,321 |
| Subcontractors | - | 3,618 | 161,480 |
| Training | 40,740 | 53,614 | 105,225 |
| Tuition fees | 1,365,000 | 1,102,196 | 1,980,797 |
| Utilities and telephone | 361,900 | 511,372 | 460,421 |
| Vehicle operation and maintenance | 95,150 | 86,407 | 149,763 |
| Wages and benefits | 5,992,330 | 4,613,253 | 3,698,124 |
| | 13,511,723 | 17,695,779 | 17,015,507 |
| Map total | 13,511,723 | 17,695,779 | 17,015,506 |
| Variance | \$ - | \$ - | \$ 1 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

20. Segmented Information

The Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function, as follows.

| | 2018 Budget | Band Government 2018 Actual | 2017 Actual | 2018 Budget | Education 2018 Actual | 2017 Actual | 2018 Budget | Health 2018 Actual | 2017 Actual |
|------------------------------------|-------------------|-----------------------------------|---------------------|------------------|-----------------------------|--------------------|-------------------|--------------------------|------------------|
| Revenues | | | | | | | | | |
| ISC - funding | \$ 1,433,697 | \$ 1,054,665 | \$ 882,076 | \$ 3,848,723 | \$ 4,640,368 | \$ 4,139,574 | \$ - | \$ - | \$ - |
| LSLIRC | - | 500 | - | - | - | 6,250 | 50,000 | 61,419 | 41,005 |
| Health Canada | - | - | - | - | - | - | 2,163,004 | 2,292,150 | 2,065,056 |
| Transfers (to) from other programs | 575,838 | 614,521 | 446,233 | (85,725) | (347,209) | (60,000) | - | (87,936) | (82,065) |
| Other revenue | 430,554 | 345,654 | 359,824 | 98,225 | 228,495 | 305,413 | 24,000 | 55,853 | 26,436 |
| Total revenue | 2,440,089 | 2,015,340 | 1,688,133 | 3,861,223 | 4,521,654 | 4,391,237 | 2,237,004 | 2,321,486 | 2,050,432 |
| Expenses | | | | | | | | | |
| Wages and benefits | 1,550,600 | 1,020,781 | 923,530 | 1,267,390 | 894,282 | 809,112 | 1,137,347 | 577,180 | 438,507 |
| Meeting and travel expenses | 255,000 | 329,477 | 296,857 | 85,500 | 98,158 | 69,913 | 236,535 | 156,492 | 96,184 |
| Office | 18,676 | 82,850 | 46,359 | 48,900 | 26,631 | 6,320 | 3,257 | 4,657 | 7,565 |
| Program expenses | - | - | - | - | 497 | 311 | 732,722 | 1,350,213 | 1,326,060 |
| Repairs and maintenance | 28,000 | 27,615 | 72,528 | 143,000 | 70,904 | 53,181 | - | - | - |
| Tuition fees | - | - | - | 1,365,000 | 1,102,196 | 1,980,797 | - | - | - |
| Utilities and telephone | 77,100 | 77,614 | 53,488 | 87,200 | 89,384 | 98,282 | 550 | - | - |
| Other expenses | 397,582 | 783,052 | 591,633 | 858,478 | 2,257,235 | 1,417,671 | 129,313 | 86,608 | 118,205 |
| Total expenses | 2,326,958 | 2,321,389 | 1,984,395 | 3,855,468 | 4,539,287 | 4,435,587 | 2,239,724 | 2,175,150 | 1,986,521 |
| Annual surplus (deficit) | \$ 113,131 | \$ (306,049) | \$ (296,262) | \$ 5,755 | \$ (17,633) | \$ (44,350) | \$ (2,720) | \$ 146,336 | \$ 63,911 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

20. Segmented information, continued

| | 2018 Budget | Social Services 2018 Actual | 2017 Actual | 2018 Budget | Housing 2018 Actual | 2017 Actual | 2018 Budget | Community Services 2018 Actual | 2017 Actual |
|------------------------------------|-------------------|-----------------------------------|------------------|-------------------|---------------------------|---------------------|----------------|--------------------------------------|-----------------|
| Revenues | | | | | | | | | |
| ISC - funding | \$ 2,092,165 | \$ 2,219,143 | \$ 2,131,259 | \$ 698,351 | \$ 975,530 | \$ 1,718,856 | - | \$ - | \$ - |
| LSLIRC | - | - | 914 | - | - | - | - | 144,357 | 152,850 |
| Health Canada | - | (24,730) | - | - | - | - | - | - | - |
| Transfers (to) from other programs | 59,678 | (111,183) | (370,021) | 562,165 | 179,342 | 79,574 | - | 68,722 | 30,000 |
| Other revenue | 31,700 | 773,058 | 764,796 | 21,004 | 156,871 | 165,950 | - | (66,952) | - |
| Total revenue | 2,183,543 | 2,856,288 | 2,526,948 | 1,281,520 | 1,311,743 | 1,964,380 | - | 148,127 | 182,850 |
| Expenses | | | | | | | | | |
| Wages and benefits | 490,645 | 655,331 | 617,486 | 267,500 | 478,675 | 104,645 | - | 79,284 | 86,976 |
| Meeting and travel expenses | 50,700 | 55,085 | 39,985 | 16,500 | 30,310 | 13,276 | - | 526 | 13,137 |
| Office | 20,500 | 44,657 | 43,895 | - | 3,083 | 5,438 | - | 6,782 | 2,304 |
| Health care expenses | 32,702 | 59,595 | 33,976 | 500 | 681 | - | - | 22,081 | 40,469 |
| Repairs and maintenance | 31,350 | 27,851 | 28,397 | 236,240 | 495,023 | 605,637 | - | 25,669 | 35,354 |
| Utilities and telephone | 1,650 | 4,898 | 5,789 | 53,000 | 78,198 | 98,181 | - | 6,856 | 7,211 |
| Other expenses | 1,027,035 | 2,005,823 | 1,749,175 | 26,776 | 41,822 | 52,369 | - | 1,644 | (7,444) |
| Total expenses | 1,654,582 | 2,853,240 | 2,518,703 | 600,516 | 1,127,792 | 879,546 | - | 142,842 | 178,007 |
| Annual surplus (deficit) | \$ 528,961 | \$ 3,048 | \$ 8,245 | \$ 681,004 | \$ 183,951 | \$ 1,084,834 | - | \$ 3,285 | \$ 4,843 |

Driftple Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

20. Segmented Information, continued

| | Economic Development | | | Public Works | | | | Other | |
|------------------------------------|----------------------|-------------------|-------------------|---------------------|---------------------|-------------------|----------------|-------------------|-------------------|
| | 2018 Budget | 2018 Actual | 2017 Actual | 2018 Budget | 2018 Actual | 2017 Actual | 2018 Budget | 2018 Actual | 2017 Actual |
| Revenues | | | | | | | | | |
| ISC funding | \$ 16,103 | \$ 161,030 | \$ 301,583 | \$ 1,542,673 | \$ 2,606,870 | \$ 1,825,977 | - | \$ - | \$ - |
| LSLIRC | 4,000 | 418,149 | 517,172 | - | - | - | - | - | - |
| Transfers (to) from other programs | (16,103) | (16,103) | (31,337) | (171,831) | (300,153) | (12,383) | - | - | - |
| Other revenue | 1,059,544 | 583,694 | 1,352,220 | 260,000 | 318,945 | 200,719 | - | 761,815 | 655,301 |
| Total revenue | 1,063,544 | 1,146,770 | 2,139,638 | 1,630,842 | 2,625,662 | 2,014,313 | - | 761,815 | 655,301 |
| Expenses | | | | | | | | | |
| Wages and benefits | 133,000 | 267,340 | 241,437 | 1,014,848 | 567,504 | 414,208 | - | - | - |
| Meeting and travel expenses | 26,000 | 65,703 | 40,256 | 44,303 | 33,149 | 21,250 | - | - | - |
| Office | - | 46,406 | 41,469 | 10,500 | 8,235 | 16,050 | - | - | - |
| Health care expenses | - | - | - | 8,000 | 9,318 | 10,229 | - | - | - |
| Repairs and maintenance | - | - | - | 226,750 | 130,717 | 290,851 | - | - | - |
| Utilities and telephone | - | 5,037 | 3,163 | 135,400 | 244,016 | 190,348 | - | - | - |
| Other expenses | 886,544 | 656,331 | 974,615 | 349,130 | 411,420 | 778,926 | - | 61,657 | 61,357 |
| Total expenses | 1,045,544 | 1,040,817 | 1,300,940 | 1,788,931 | 1,404,359 | 1,721,862 | - | 61,657 | 61,357 |
| Annual surplus (deficit) | \$ 18,000 | \$ 105,953 | \$ 838,698 | (\$ 158,089) | \$ 1,221,303 | \$ 292,451 | - | \$ 700,158 | \$ 593,944 |

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2018

20. Segmented Information, continued

| | 2018 Budget | Amortization 2018 Actual | 2017 Actual | 2018 Budget | Consolidated totals 2018 Actual | 2017 Actual |
|------------------------------------|----------------|--------------------------------|----------------|----------------|---------------------------------------|----------------|
| Revenues | | | | | | |
| ISC - funding | \$ - | \$ - | \$ - | \$ 9,631,712 | \$ 11,657,606 | \$ 10,999,325 |
| LSLIRC | - | - | - | 54,000 | 624,425 | 718,191 |
| Health Canada | - | - | - | 2,163,004 | 2,267,420 | 2,065,056 |
| Transfers (to) from other programs | - | - | - | 924,022 | - | - |
| Other revenue | - | - | - | 1,925,027 | 3,157,433 | 3,830,659 |
| Total revenue | - | - | - | 14,697,765 | 17,706,885 | 17,613,232 |
| Expenses | | | | | | |
| Wages and benefits | - | - | - | 5,861,330 | 4,540,377 | 3,635,901 |
| Meeting and travel expenses | - | - | - | 714,538 | 768,900 | 590,858 |
| Office | - | - | - | 101,833 | 223,301 | 169,400 |
| Health care expenses | - | - | - | 773,924 | 1,442,385 | 1,411,045 |
| Repairs and maintenance | - | - | - | 665,340 | 777,779 | 1,085,948 |
| Tuition fees | - | - | - | 1,365,000 | 1,102,196 | 1,980,797 |
| Utilities and telephone | - | - | - | 354,900 | 506,003 | 456,462 |
| Other expenses | - | 2,029,246 | 1,970,958 | 3,674,858 | 8,334,838 | 7,707,465 |
| Total expenses | - | 2,029,246 | 1,948,588 | 13,511,723 | 17,695,779 | 17,015,506 |
| Annual surplus (deficit) | \$ - | \$ (2,029,246) | \$ (1,948,588) | \$ 1,186,042 | \$ 11,106 | \$ 597,726 |