

Driftpile Cree Nation

Consolidated Financial Statements

March 31, 2020

Driftpile Cree Nation**Consolidated Financial Statements**

March 31, 2020

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Driftpile Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2020

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

<u>Original signed by</u> Chief	September 30, 2020 _____ Date
<u>Original signed by</u> Chief Administrative Officer	September 30, 2020 _____ Date
<u>Original signed by</u>	September 30, 2020 _____ Date

Independent Auditors' Report

**To the Members of
Driftpile Cree Nation**

Opinion

We have audited the consolidated financial statements of Driftpile Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2020, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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, Canada
September 30, 2020

Chow & Mackay LLP

Chartered Professional Accountants

Driftpile Cree Nation**Consolidated Statement of Financial Position**

<u>March 31</u>	<u>2020</u>	<u>2019</u>
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Financial Assets

Cash (Note 3)	\$ 3,846,401	\$ 1,523,014
Accounts receivable (Note 4)	1,208,988	1,100,805
Investments (Note 5)	5,738	5,838
Investment in and advances to Driftpile Entities (Note 6)	1,860,076	1,545,814
Ottawa Trust Funds (Note 7)	1,186,680	1,146,331
	<hr/>	<hr/>
	8,107,883	5,321,802

Liabilities

Operating loan (Note 8)	-	200,000
Accounts payable and accrued liabilities	2,999,143	1,101,335
Deferred revenue (Note 9)	5,379,897	3,256,388
Long-term debt (Note 10)	8,456,226	4,910,633
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	16,835,266	9,468,356

Net debt	(8,727,383)	(4,146,554)
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Non-financial Assets

Capital assets (Note 11)	50,315,039	37,115,474
Prepaid expenses	222,555	137,053
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	50,537,594	37,252,527

Accumulated Surplus (Note 12)	\$ 41,810,211	\$ 33,105,973
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Contingent liabilities (Note 13)

Approved on behalf of the Driftpile Cree Nation

Original signed by _____, Chief

Original signed by _____, Councilor

Driftpile Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 29,512,028	\$ 27,048,770	\$ 15,813,463
Lesser Slave Lake Indian Regional Council (LSLIRC)	1,094,047	664,452	803,084
First Nation Development Funds	-	640,194	717,476
CMHC subsidy	1,584,070	61,840	61,881
Net Income (loss) from DCN Entities (Note 6)	-	(364,130)	213,241
Trust Funds - Interest revenue	-	40,348	42,982
Other income	6,970,317	4,805,512	5,496,405
	39,160,462	32,896,986	23,148,532
Expenses (Note 19)			
Band Government	2,553,645	2,920,033	2,337,356
Education	6,430,904	6,544,827	5,351,299
Health	3,689,918	3,795,230	3,131,090
Social Services	2,445,841	2,907,515	2,494,853
Housing	2,502,750	847,166	656,495
Community Services	2,355,952	1,054,480	593,971
Economic Development	1,429,621	1,222,963	1,686,952
Public Works	13,497,400	2,056,370	2,445,094
Other	3,591,052	708,774	295,760
Amortization	-	2,135,391	2,106,769
	38,497,083	24,192,749	21,099,639
Excess of revenue over expenses	663,378	8,704,237	2,048,893
Accumulated surplus, beginning of year	-	33,105,973	31,057,080
Accumulated surplus, end of year	\$ 663,378	\$ 41,810,211	\$ 33,105,973

Driftpile Cree Nation**Consolidated Statement of Change in Net Debt**

For the year ended March 31	2020	2019
Excess of revenue over expenses	\$ 8,704,237	\$ 2,048,893
Acquisition of tangible capital assets	(15,334,955)	(8,995,809)
Amortization of tangible capital assets	2,135,391	2,106,769
	(13,199,564)	(6,889,040)
Acquisition of prepaid asset	(85,502)	899
Increase (decrease) in net financial assets	(4,580,829)	(4,839,248)
Net financial assets, beginning of year	(4,146,554)	692,694
Net debt, end of year	\$ (8,727,383)	\$ (4,146,554)

Driftpile Cree Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2020	2020	2019
Cash flows from		
Operating activities		
Excess of revenue over expenses	\$ 8,704,237	\$ 2,048,893
Items not affecting cash		
Amortization of capital assets	2,135,391	2,106,769
	10,839,628	4,155,662
Change in non-cash operating working capital		
Accounts receivable	(108,183)	225,530
Prepaid expenses	(85,502)	898
Accounts payable and accrued liabilities	1,897,809	(764,158)
Deferred revenue	2,123,509	1,526,194
	14,667,261	5,144,126
Capital activities		
Purchase of capital assets	(15,334,955)	(8,995,808)
Financing activities		
Repayment of long-term debt	(275,665)	(501,936)
Proceeds of long term debt	3,821,256	4,022,043
	3,545,591	3,520,107
Investing activities		
Disposal of investments	100	-
Investment in and advances to Driftpile Entities	(314,262)	457,793
Ottawa Trust Funds	(40,348)	(42,982)
	(354,510)	414,811
Increase in cash and cash equivalents	2,523,387	83,236
Cash and cash equivalents, beginning of year	1,323,014	1,239,778
Cash and cash equivalents, end of year	\$ 3,846,401	\$ 1,323,014
Represented by		
Cash	\$ 3,846,401	\$ 1,523,014
Operating loan	-	(200,000)
	\$ 3,846,401	\$ 1,323,014

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

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 Nation and are either owned or controlled by the Driftpile Cree Nation.

Business enterprises, that are owned or controlled by the Driftpile Cree Nation and that are not dependent on the 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 Nation. Thus, the Nation's investment in these enterprises are 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. - 100% Ownership
2. Driftpile Business Corporation - 100% Ownership
3. Driftpile Construction Services Limited Partnership - 99% Ownership
4. Driftpile Timber Management Limited Partnership - 99% Ownership

(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, 2020

(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, 2020

(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 and COVID-19 measurement uncertainty

In preparing these financial statements, management made estimates and judgments including consideration for the uncertainties and economic implications of the COVID-19 pandemic on the Nation's operations, financial performance and financial position for the year ended March 31, 2020. The uncertainty surrounding the COVID-19 pandemic could generate in future reporting periods, a significant risk of material adjustment to the carrying amounts in the financial statements. Estimates not associated with the COVID-19 pandemic are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

At the date of publication of these financial statements, it is not possible to reliably estimate the length and severity of the COVID-19 pandemic developments and its potential impact on the Nation's financial results, conditions and cash flows.

(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.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

2. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic the Nation has:

- Management has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic restriction on the entity.
- Implemented remote work arrangements for those able to do so.
- Implemented stringent health and safety procedures.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Nations activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the possible impact on the financial results and condition on the District Administration and its operations in future periods.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

3. Cash

	2020	2019
Externally restricted cash		
CMHC	\$ 178,840	\$ 138,437
First Nation Development Funds	<u>202,875</u>	<u>278,764</u>
	<u>381,715</u>	<u>417,201</u>
Unrestricted cash		
General bank accounts	3,464,686	438,817
Term deposits	-	666,996
	<u>3,464,686</u>	<u>1,105,813</u>
	<u>\$ 3,846,401</u>	<u>\$ 1,523,014</u>

Included in cash in the prior year is a term deposit that earned interest at 2.25% annually, and matured during the year. The matured balance of \$682,003 is included in the general bank account total of \$3,464,686.

4. Accounts receivable

	2020	2019
Indigenous Services Canada	\$ 105,076	\$ 395,883
First Nation Development Funds	-	171,985
Health Canada	-	106,485
LSLIRC	786,150	5,000
Government of Alberta	31,834	52,084
Members	127,789	105,172
Other	721,622	827,679
	<u>1,772,471</u>	<u>1,664,288</u>
Allowance for doubtful accounts	<u>(563,483)</u>	<u>(563,483)</u>
	<u>\$ 1,208,988</u>	<u>\$ 1,100,805</u>

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

5. Investments

	2020	2019
United Farmers of Alberta Co-operative Limited, at cost	\$ 5,064	\$ 5,064
UFA Co-operative Limited shares, at cost	672	672
Riverboat Inc. shares, at cost	-	100
1210104 Alberta Ltd. shares, at cost	2	2
	\$ 5,738	\$ 5,838

6. Investment in and advances to Driftpile Entities

Balance Sheet - March 31,

	Driftpile First	Driftpile Cree	Driftpile		
	Nation	Enterprises	Business		
	Inc.	Partnerships	Corporation	2020 Total	2019 Total
	(100%)	(99%)	(100%)		
Cash	\$ -	\$ 4,803	\$ -	\$ 4,803	\$ 253,535
Accounts receivable	656,413	830,918	-	1,487,331	621,806
Prepaid expenses	1,386	-	-	1,386	1,386
Investment	56,749	-	8,042	64,791	73,095
Due from related party	90,902	1,376,529	100	1,467,531	-
Property and equipment	3,537,778	157,066	-	3,694,844	4,120,145
Total assets	\$ 4,343,228	\$ 2,369,316	\$ 8,142	\$ 6,720,686	\$ 5,069,967
Bank indebtedness	\$ 325,207	\$ 140,937	\$ 30	\$ 466,174	\$ -
Accounts payable	297,437	319,680	-	617,117	521,932
Current portion of long-term debt	133,387	40,139	-	173,526	79,109
Current portion of capital lease obligation	901,220	-	-	901,220	886,541
Due to related parties	1,469,739	602,751	88,362	2,160,852	14,930
Long-term debt	190,794	-	-	190,794	120,795
Capital lease obligation	1,044,248	-	-	1,044,248	1,915,775
Total liabilities	4,362,032	1,103,507	88,392	5,553,931	3,539,082
Equity	(18,804)	1,265,809	(80,250)	1,166,755	1,530,885
Total equity	(18,804)	1,265,809	(80,250)	1,166,755	1,530,885
Total liabilities and equity	\$ 4,343,228	\$ 2,369,316	\$ 8,142	\$ 6,720,686	\$ 5,069,967

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

6. Investment in and advances to Driftpile Entities, continued

	Driftpile First Nation	Driftpile Cree Enterprises	Driftpile Business Corporation	2020 Total	2019 Total
	Inc. (100%)	Partnerships (99%)	Corporation (100%)		
Revenue	\$ 4,061,687	\$ 3,929,391	\$ (8,304)	\$ 7,982,774	\$ 7,457,989
Expenses	4,134,774	4,074,298	4,000	8,213,072	7,244,748
Loss on disposal of equipment	133,832	-	-	133,832	-
Total expenses	4,268,606	4,074,298	4,000	8,346,904	7,244,748
Net Income (Loss)	\$ (206,919)	\$ (144,907)	\$ (12,304)	\$ (364,130)	\$ 213,241

	2020	2019
Advances to (from) Driftpile Cree Nation Entities	\$ 693,321	\$ 14,930
Accumulated earnings	1,166,755	1,530,884
Investment in and advances to Driftpile Cree Nation Entities	\$ 1,860,076	\$ 1,545,814

7. 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, 2019	Income	March 31, 2020
Ottawa funds held in trust - Capital	\$ 1,055,578	\$ 597	\$ 1,056,175
Ottawa funds held in trust - Revenue	90,753	39,752	130,505
	\$ 1,146,331	\$ 40,349	\$ 1,186,680

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.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

8. Operating loan

ATB Financial business operating loan, bearing interest at bank prime plus 1.25%, repaid during the year.

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, 2019	Funding received	Revenue recognized	March 31, 2020
Indigenous Services Canada (ISC)	\$ 2,470,209	\$ 28,529,527	\$ (27,048,770)	\$ 3,950,966
LSLIRC	212,666	1,412,987	(664,451)	961,201
CMHC	-	61,840	(61,840)	-
FNDF	-	640,194	(640,194)	-
Other	573,513	5,304,000	(5,409,783)	467,730
	\$ 3,256,388	\$ 35,948,548	\$ (33,825,038)	\$ 5,379,897

10. Long-term debt

	2020	2019
CMHC mortgage bearing interest at 1.86%, repayable in monthly instalments of \$1,189 maturing April 2024. Secured by a ministerial guarantee.	\$ 119,376	\$ 131,331
CMHC mortgage bearing interest at 1.44%, repayable in monthly instalments of \$1,053 maturing February 2022. Secured by a ministerial guarantee.	138,506	149,083
CMHC mortgage bearing interest at 1.01%, repayable in monthly instalments of \$2,440 maturing February 2021. Secured by a ministerial guarantee.	552,484	576,083
CMHC mortgage bearing interest at 0.68%, with no special repayment terms at the year end date.	1,149,990	-
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

Driftpile Cree Nation**Notes to Consolidated Financial Statements**

March 31, 2020

10. Long-term debt, continued

	2020	2019
ATB Financial Loan housing loan, bearing interest at prime plus 1.05%, repayable in blended quarterly payments of \$114,800 for a total of 60 quarters. Secured by a General Security Agreement over all present and after acquired personal property, an assignment of Major Construction Contracts relating to project lands, an assignment of Construction Insurance with first loss payable to the lender, and an assignment of all plans and drawings related to the project.	3,211,558	1,201,026
ATB Financial Loan housing loan, bearing interest at prime plus 1.05%, repayable in blended quarterly payments of \$79,200 for a total of 60 quarters. Secured by a General Security Agreement over all present and after acquired personal property, an assignment of Major Construction Contracts relating to project lands, an assignment of Construction Insurance with first loss payable to the lender, and an assignment of all plans and drawings related to the project.	3,211,759	2,768,377
Ford Credit Canada loan bearing interest at 6.89%, repayable in monthly instalments of \$1,258. maturing October 2022. Secured by a vehicle with a net book value of \$42,112.	35,622	47,802
	\$ 8,456,226	\$ 4,910,633

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

2021	\$ 608,586
2022	638,598
2023	654,391
2024	667,697
2025 and thereafter	5,886,954
	\$ 8,456,226

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

11. Capital Assets

	Cost			Accumulated amortization			2020 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 58,577,187	\$ 15,011,784	\$ 73,588,971	\$ 22,513,705	\$ 1,716,970	\$ 24,230,675	\$ 49,358,296
Automotive equipment	4,172,446	168,363	4,340,809	3,452,154	332,765	3,784,919	555,890
Equipment	2,184,158	154,809	2,338,967	1,868,908	80,956	1,949,864	389,103
Signs	23,500	-	23,500	7,050	4,700	11,750	11,750
	\$ 64,957,291	\$ 15,334,956	\$ 80,292,247	\$ 27,841,817	\$ 2,135,391	\$ 29,977,208	\$ 50,315,039

	Cost			Accumulated amortization			2019 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 49,963,446	\$ 8,613,741	\$ 58,577,187	\$ 20,817,701	\$ 1,696,004	\$ 22,513,705	\$ 36,063,482
Automotive equipment	3,910,687	261,759	4,172,446	3,138,535	313,619	3,452,154	720,292
Equipment	2,063,850	120,308	2,184,158	1,776,461	92,447	1,868,908	315,250
Signs	23,500	-	23,500	2,350	4,700	7,050	16,450
	\$ 55,961,483	\$ 8,995,808	\$ 64,957,291	\$ 25,735,047	\$ 2,106,770	\$ 27,841,817	\$ 37,115,474

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

12. Accumulated surplus

	2020	2019
Operating Fund	\$ (3,783,100)	\$ (2,463,848)
Enterprise Funds - Driftpile Entities	1,860,076	1,545,814
Capital Asset Fund	41,858,814	32,204,841
Investment Fund	5,738	5,838
Trust Funds	1,186,680	1,146,331
Settlement Fund	682,003	666,996
	<hr/>	<hr/>
	\$ 41,810,211	\$ 33,105,972

13. Contingent liabilities

Government contributions related to the projects of the Nation are subject to conditions regarding the expenditure of funds. The First Nation'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.

14. CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the 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.

15. Economic Dependence

Driftpile Cree Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services 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 2020 were \$125,853 (2019: \$88,401).

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, 2020

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	2020 Budget	2020 Actual	2019 Actual
Expenses			
Administration fees	\$ 275,105	\$ 654,128	\$ 249,960
Advertising	34,330	683	3,034
Amortization	-	2,135,391	2,106,769
Bad debts (recovery)	57,172	189,478	(158,862)
Capital purchases	5,309,534	-	-
Community events	895,935	525,514	586,861
Education allowance	742,799	859,626	628,012
Equipment rental	14,000	22,132	227,573
Health care expenses	1,007,675	1,279,837	1,040,427
Human resources development	336,471	140,618	479,257
Insurance	154,600	154,407	143,105
Interest and bank charges	11,500	267,558	38,278
Interest on long-term debt	56,188	20,575	11,465
Materials and supplies	554,951	499,289	567,791
Meeting and travel expenses	1,597,548	1,485,602	1,225,886
Office	604,813	635,515	213,156
Professional fees	1,247,879	1,125,354	734,867
Program costs	814,454	627,026	381,594
Rent	1,200	400	-
Repairs and maintenance	13,359,360	1,483,025	916,073
Social assistance	1,319,347	1,485,301	1,451,108
Subcontractors	-	492,207	987,046
Training	73,220	86,083	138,542
Tuition fees	1,785,878	2,018,839	2,257,712
Utilities and telephone	375,581	512,633	458,017
Vehicle operation and maintenance	122,600	128,112	134,504
Wages and benefits	7,744,943	7,363,416	6,277,464
	\$ 38,497,083	\$ 24,192,749	\$ 21,099,639

Driftpile Cree Nation

Notes to Consolidated Financial Statements

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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:

	2020 Budget	Band 2020 Actual	Government 2019 Actual	2020 Budget	Education 2020 Actual	2019 Actual	2020 Budget	Health 2020 Actual	2019 Actual
Revenues									
ISC - funding	\$ 893,433	\$ 893,433	\$ 1,032,460	\$ 6,245,116	\$ 6,412,835	\$ 4,932,098	\$ 4,152,969	\$ 3,862,845	\$ 3,137,385
LSLIRC	5,000	10,000	-	27,000	27,000	40,000	393,758	220,872	70,973
Transfers (to) from other programs	707,750	996,678	396,020	(211,923)	(304,700)	(197,074)	(262,377)	(262,377)	(148,517)
Other revenue	1,039,791	547,521	1,414,165	209,135	456,985	625,697	170,570	89,758	157,605
Total revenue	2,645,974	2,447,632	2,842,645	6,269,328	6,592,120	5,400,721	4,454,920	3,911,098	3,217,446
Expenses									
Wages and benefits	1,440,643	1,596,625	1,200,194	1,981,125	1,824,078	1,522,480	1,663,765	1,713,112	1,474,659
Meeting and travel expenses	408,271	470,096	403,699	102,425	119,893	136,744	443,710	547,410	520,046
Office	67,748	101,276	69,495	411,401	368,846	36,873	-	-	9,216
Program expenses	-	-	-	-	-	-	857,963	1,174,647	917,371
Repairs and maintenance	14,579	19,935	66,679	525,443	665,506	134,204	-	-	-
Tuition fees	-	-	-	1,785,878	2,018,839	2,257,712	-	-	-
Utilities and telephone	99,600	112,821	95,361	81,900	91,333	90,787	-	800	1,150
Other expenses	522,804	619,280	501,928	1,542,732	1,456,332	1,172,499	724,480	359,261	208,648
Total expenses	2,553,645	2,920,033	2,337,356	6,430,904	6,544,827	5,351,299	3,689,918	3,795,230	3,131,090
Annual surplus (deficit)	\$ 92,329	\$ (472,401)	\$ 505,289	\$ (161,576)	\$ 47,293	\$ 49,422	\$ 765,002	\$ 115,868	\$ 86,356

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information (continued)

	2020 Budget	Social Services		2020 Budget	Housing		Community Services		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
ISC - funding	\$ 2,674,875	\$ 2,437,810	\$ 2,207,395	\$ 841,397	\$ 1,393,397	\$ 627,189	-	\$ -	\$ -
LSLIRC	-	-	-	-	-	-	221,868	122,602	205,049
Transfers (to) from other programs	(37,976)	(37,716)	66,107	(72,701)	(62,701)	3,059	-	-	-
Other revenue	501,047	510,195	234,975	2,136,877	246,860	137,434	2,056,879	1,300,024	868,470
Total revenue	3,137,946	2,910,289	2,508,477	2,905,573	1,577,556	767,682	2,278,747	1,422,626	1,073,519
Expenses									
Wages and benefits	663,955	658,961	706,196	216,941	249,568	207,358	617,110	250,558	101,484
Meeting and travel expenses	78,698	61,246	36,691	10,000	11,650	10,691	295,997	83,130	3,825
Office	70,163	74,139	15,563	14,200	19,855	8,761	2,000	12,377	5,540
Health care expenses	118,759	92,647	37,511	7,900	1,283	158	23,053	11,260	85,387
Repairs and maintenance	20,000	20,612	24,105	378,406	349,283	331,329	3,000	205	6,494
Utilities and telephone	8,500	8,578	10,556	35,000	40,968	61,104	9,000	4,294	7,676
Other expenses	1,485,766	1,991,332	1,664,231	1,840,303	174,559	37,094	1,405,792	692,656	383,565
Total expenses	2,445,841	2,907,515	2,494,853	2,502,750	847,166	656,495	2,355,952	1,054,480	593,971
Annual surplus (deficit)	\$ 692,105	\$ 2,774	\$ 13,624	\$ 402,823	\$ 730,390	\$ 111,187	(\$ 77,205)	\$ 368,146	\$ 479,548

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information (continued)

	Economic Development			Public Works			Other		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
ISC funding	\$ 579,764	\$ 454,765	\$ 109,952	\$ 14,124,474	\$ 11,593,685	\$ 3,431,777	-	\$ -	\$ -
LSLIRC	446,421	283,978	487,062	-	-	-	-	-	-
Transfers (to) from other programs	(16,764)	(191,346)	(18,468)	(106,010)	(137,837)	(101,127)	-	-	-
Other revenue	1,253,863	589,231	1,321,647	439,324	263,843	354,602	746,902	1,179,346	1,752,597
Total revenue	2,263,284	1,136,628	1,900,193	14,457,788	11,719,691	3,685,252	746,902	1,179,346	1,752,597
Expenses									
Wages and benefits	439,145	422,968	369,732	655,758	634,002	662,381	-	-	-
Meeting and travel expenses	123,946	100,157	44,875	22,500	16,684	27,036	-	-	-
Office	12,700	21,437	52,946	10,000	18,827	12,282	-	-	-
Repairs and maintenance	70,000	58,088	-	12,217,936	347,145	331,749	-	-	-
Utilities and telephone	7,400	5,103	2,613	126,681	242,847	185,798	-	-	-
Other expenses	776,430	615,210	1,216,786	464,525	796,865	1,225,848	3,591,052	708,774	295,760
Total expenses	1,429,621	1,222,963	1,686,952	13,497,400	2,056,370	2,445,094	3,591,052	708,774	295,760
Annual surplus (deficit)	\$ 833,663	\$ (86,335)	\$ 213,241	\$ 960,388	\$ 9,663,321	\$ 1,240,158	\$ (2,844,150)	\$ 470,572	\$ 1,456,837

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2020

20. Segmented information (continued)

	2020 Budget	Amortization		2019 Actual	Consolidated totals		2019 Actual
		2020 Actual	2020 Actual		2020 Budget	2020 Actual	
Revenues							
ISC - funding	\$ -	\$ -	\$ -	\$ 29,512,028	\$ 27,048,770	\$ 15,478,256	
LSLIRC	-	-	-	1,094,047	664,452	803,084	
Other revenue	-	-	-	8,554,388	5,183,763	6,867,192	
Total revenue	-	-	-	39,160,462	32,896,986	23,148,532	
Expenses							
Wages and benefits	-	-	-	7,678,442	7,349,872	6,244,484	
Meeting and travel expenses	-	-	-	1,485,547	1,410,266	1,183,607	
Office	-	-	-	588,212	616,757	210,676	
Health care expenses	-	-	-	1,007,675	1,279,837	1,040,427	
Repairs and maintenance	-	-	-	13,229,364	1,460,774	894,560	
Tuition fees	-	-	-	1,785,878	2,018,839	2,257,712	
Utilities and telephone	-	-	-	368,081	506,744	455,045	
Other expenses	-	2,135,391	2,129,139	12,353,884	9,549,660	8,835,498	
Total expenses	-	2,135,391	2,106,769	38,497,083	24,192,749	21,099,639	
Annual surplus (deficit)	\$ -	\$ (2,135,391)	\$ (2,106,769)	\$ 663,379	\$ 8,704,237	\$ 2,048,893	