

Driftpile Cree Nation

Consolidated Financial Statements

March 31, 2022

Driftpile Cree Nation**Consolidated Financial Statements**

March 31, 2022

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Driftpile Cree Nation

Management's Responsibility for Financial Reporting

March 31, 2022

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:

Original signed by _____ Date
Chief _____

Original signed by _____ Date
Chief Administrative Officer _____

Original signed by _____ 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, 2022, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2022, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 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 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
December 13, 2022

Chartered Professional Accountants

Driftpile Cree Nation

Consolidated Statement of Financial Position

March 31	2022	2021
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Financial Assets

Cash (Note 3)	\$ 14,902,051	\$ 6,892,492
Accounts receivable (Note 4)	3,390,229	1,007,807
Investment in and advances to Driftpile Entities (Note 6)	4,486,958	3,980,391
Investments (Note 5)	1,005,522	5,524
Ottawa Trust Funds (Note 7)	1,239,919	1,211,182
Driftpile Cree Nation Agricultural Benefits Trust (Note 12)	51,641,694	51,824,510
	<hr/> 76,666,373	<hr/> 64,921,906

Liabilities

Accounts payable and accrued liabilities	1,225,562	2,377,593
Deferred revenue (Note 8)	14,949,146	7,146,372
Long-term debt (Note 9)	16,988,980	10,183,957
	<hr/> 33,163,688	<hr/> 19,707,922

Net financial assets	43,502,685	45,213,984
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Non-financial Assets

Tangible Capital assets (Note 10)	65,077,618	58,381,674
Prepaid expenses	176,216	140,776
	<hr/> 65,253,834	<hr/> 58,522,450

Accumulated Surplus (Note 11)	\$108,756,519	\$103,736,434
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Contingent liabilities (Note 13)

Approved on behalf of the Driftpile Cree Nation

Original signed by _____, Chief Original signed by _____, Councilor

Original signed by _____, Councilor Original signed by _____, Councilor

Original signed by _____, Councilor Original signed by _____, Councilor

Driftpile Cree Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 21,305,052	\$ 21,159,971	\$ 25,727,623
Lesser Slave Lake Indian Regional Council (LSLIRC)	1,081,148	2,134,749	736,787
First Nation Development Funds	450,000	209,555	388,239
CMHC subsidy	-	267,360	108,813
Net Income (loss) from DCN Entities	-	491,702	2,374,255
Province of Alberta	500,000	-	-
Agricultural Benefits Trust - Annual disbursement	-	2,542,894	-
Ottawa Trust Funds - Interest revenue	-	28,737	24,502
Other income	2,817,834	3,755,166	3,468,440
Agricultural Benefits Settlement	-	-	134,879,644
	26,154,034	30,590,134	167,708,303
Expenses (Note 20)			
Band Government	2,293,407	3,275,576	2,361,903
Education	5,615,582	4,968,048	5,946,874
Health	7,741,282	5,770,888	4,328,090
Social Services	3,060,153	2,996,515	2,262,164
Housing	685,364	697,955	1,105,540
Community Services	609,279	500,790	456,370
Economic Development	1,097,347	1,863,581	923,002
Public Works	3,363,293	2,616,422	2,298,311
Other	1,042,871	430,172	582,270
Amortization	-	2,297,063	2,462,425
Agricultural Benefits Trust	3,000	153,034	83,055,134
	25,511,578	25,570,044	105,782,083
Excess of revenue over expenses	614,441	5,020,090	61,926,220
Accumulated surplus, beginning of year	103,736,429	103,736,429	41,810,209
Accumulated surplus, end of year	\$104,350,870	\$108,756,519	\$103,736,429

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

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Excess of revenue over expenses	\$ 614,441	\$ 5,020,090	\$ 61,926,220
Acquisition of tangible capital assets	-	(8,993,008)	(10,529,060)
Amortization of tangible capital assets	-	2,297,063	2,462,425
	-	(6,695,945)	(8,066,635)
(Acquisition) Use of prepaid asset	(35,440)	(35,443)	81,781
Increase in net financial assets	579,001	(1,711,298)	53,941,366
Net assets (debt), beginning of year	45,213,983	45,213,983	(8,727,383)
Net financial assets, end of year	\$ 47,454,574	\$ 43,502,685	\$ 45,213,983

Driftpile Cree Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2022	2022	2021
Cash flows from Operating activities		
Excess of revenue over expenses	\$ 5,020,090	\$ 61,926,220
Items not affecting cash		
Amortization of capital assets	2,297,063	2,462,425
	7,317,153	64,388,645
Change in non-cash operating working capital		
Accounts receivable	(2,382,422)	201,181
Prepaid expenses	(35,440)	81,779
Accounts payable and accrued liabilities	(1,152,036)	(621,548)
Deferred revenue	7,802,774	1,766,475
	11,550,029	65,816,532
Tangible Capital activities		
Purchase of tangible capital assets	(8,993,007)	(10,529,060)
Financing activities		
Repayment of long-term debt	(120,415)	(7,175,481)
Proceeds of long term debt	6,925,439	8,903,212
	6,805,024	1,727,731
Investing activities		
Investments	(1,000,000)	214
Investment in and advances to Driftpile Entities	(506,567)	(2,120,315)
Ottawa Trust Funds	(28,737)	(24,502)
Driftpile Cree Nation Agricultural Benefits Settlement Trust	182,817	(51,824,509)
	(1,352,487)	(53,969,112)
Increase in cash and cash equivalents	8,009,559	3,046,091
Cash and cash equivalents, beginning of year	6,892,492	3,846,401
Cash and cash equivalents, end of year	\$ 14,902,051	\$ 6,892,492

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

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 Accountants.

(a) Reporting entity principles of financial reporting

The Driftpile Cree Nation (the "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
5. Driftpile Agricultural Settlement Trust - December 31, 2021 Year end

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Readers of the Financial Statements should refer to the consolidated Financial Statements.

(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, 2022

(c) Tangible capital assets

Tangible 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 tangible 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 and signs	5 years straight line

Tangible 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 tangible 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 tangible 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, 2022

(e) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets measured at amortized cost include: cash, accounts receivable and Ottawa Trust funds.

Financial liabilities measured at amortized cost include: accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The First Nation cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the Nation's operations and financial condition.

(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, 2022. 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.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

2. Impact of COVID-19

The COVID-19 pandemic has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, social distancing, restrictions on business operations and isolation/quarantine periods have caused material disruptions to communities and businesses, resulting in an economic slowdown.

In response, the Nation received from Indigenous Services Canada, \$3,318,785 (2021 - \$5,508,836) in additional funding to assist with implementation of public health measures, income assistance initiatives, costs related to reopening.

The Nation also implemented remote work arrangements for those able to do so, and implemented stringent health and safety procedures and other precautionary measures, guided by public health authorities, to mitigate the spread of COVID-19 and the impact of the pandemic on the Nation's operations and programs.

The effects of the COVID-19 pandemic remains uncertain and as such it is not possible to estimate the length and severity of the pandemic and the impact on the financial results and condition on the Nation and its operations in future periods.

3. Cash

	2022	2021
Externally restricted cash		
CMHC	\$ 216,699	\$ 216,699
First Nation Development Funds	560,692	143,105
	777,391	359,804
Unrestricted cash		
General bank accounts	14,124,660	6,532,688
	\$ 14,902,051	\$ 6,892,492

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

4. Accounts receivable

	2022	2021
Indigenous Services Canada	\$ 140,000	\$ 378,857
First Nation Development Funds	70,611	32,384
Driftpile Cree Nation Agricultural Benefits Trust	2,542,894	-
LSLIRC	130,010	8,100
Government of Alberta	36,634	354,334
Members	123,653	124,232
Other	964,209	673,383
Allowance for doubtful accounts	<u>4,008,011</u> <u>(617,782)</u>	<u>1,571,290</u> <u>(563,483)</u>
	<u>\$ 3,390,229</u>	<u>\$ 1,007,807</u>

5. Investments

	2022	2021
Nauticol Energy LTD.	\$ 1,000,000	\$ -
United Farmers of Alberta Co-operative Limited, at cost	4,850	4,850
UFA Co-operative Limited shares, at cost	672	672
	<u>\$ 1,005,522</u>	<u>\$ 5,522</u>

On November 3rd, 2021, the Nation entered into an agreement with Nauticol Energy LTD. and received an unsecured convertible debenture in the amount of \$1,000,000. The debenture accumulates interest at a rate of 6% per annum compounding annually. The principal amount is to be paid to the Nation on or before December 1st, 2023 (the maturity date). On the maturity date the Nation shall have the option to convert all (but not less than all) of the principal amount into common shares at a price of \$4.00 per common share.

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in and advances to Driftpile Entities

Balance Sheet - March 31,

	Driftpile First								
	Nation Enterprises	Driftpile Cree Nation	Driftpile Partnerships Limited	Business Corporation	(100%)	(99%)	(100%)	2022 Total	2021 Total
Cash	\$ -	\$ 76,128	\$ -	\$ 76,128	\$ 36,861				
Accounts receivable	\$ 284,708	\$ 1,585,150	\$ -	\$ 1,869,858	\$ 2,443,536				
Prepaid expenses	\$ 1,386	\$ -	\$ -	\$ 1,386	\$ 1,386				
Investments	\$ 58,780	\$ -	\$ 28,229	\$ 87,009	\$ 80,904				
Due from related party	\$ 399,511	\$ 3,054,074	\$ 100	\$ 3,453,685	\$ 2,275,043				
Property and equipment	\$ 4,161,258	\$ 125,722	\$ -	\$ 4,286,980	\$ 3,579,012				
Total assets	\$ 4,905,643	\$ 4,841,074	\$ 28,329	\$ 9,775,046	\$ 8,416,742				
Bank indebtedness	\$ 212,457	\$ -	\$ 30	\$ 212,487	\$ 30				
Accounts payable	\$ 269,349	\$ 567,315	\$ -	\$ 836,664	\$ 927,663				
Current portion of long-term debt	\$ 58,303	\$ -	\$ -	\$ 58,303	\$ 83,933				
Current portion of capital lease obligation	\$ 502,855	\$ -	\$ -	\$ 502,855	\$ 755,646				
Due to related parties	\$ 3,015,231	\$ 493,500	\$ 136,344	\$ 3,645,075	\$ 2,714,723				
Long-term debt	\$ 48,630	\$ -	\$ -	\$ 48,630	\$ 106,933				
Capital lease obligation	\$ 438,321	\$ -	\$ -	\$ 438,321	\$ 287,003				
Total liabilities	\$ 4,545,146	\$ 1,060,815	\$ 136,374	\$ 5,742,335	\$ 4,875,931				
Equity	\$ 360,497	\$ 3,780,259	\$ (108,045)	\$ 4,032,711	\$ 3,540,811				
Total liabilities and equity	\$ 4,905,643	\$ 4,841,074	\$ 28,329	\$ 9,775,046	\$ 8,416,742				

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

6. Investment in and advances to Driftpile Entities (continued)

	Driftpile First Nation	Driftpile Cree Enterprises	Driftpile Business Corporation	2022 Total	2021 Total
	Inc.	Partnerships (100%)	(100%)		
		(99%)			
Revenue	\$ 3,767,469	\$ 5,941,902	\$ 3,974	\$ 9,713,345	\$ 9,380,816
Expenses	3,862,743	5,344,526	3,250	9,210,519	7,116,296
(Gain) loss on disposal of equipment	(26,778)	-	-	(26,778)	(77,708)
Total expenses	3,835,965	5,344,526	3,250	9,183,741	7,038,588
Net income	\$ (68,496)	\$ 597,376	\$ 724	\$ 529,604	\$ 2,342,228
				2022	2021
Advances to (from) Driftpile Cree Nation Entities				\$ 454,247	\$ 439,680
Accumulated earnings				4,032,711	3,540,811
Investment in and advances to Driftpile Cree Nation Entities				\$ 4,486,958	\$ 3,980,491

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, March 31, 2021	Income	March 31, 2022
Ottawa funds held in trust - Capital	\$ 1,056,175	\$ -	\$ 1,056,175
Ottawa funds held in trust - Revenue	155,007	28,737	183,744
	\$ 1,211,182	\$ 28,737	\$ 1,239,919

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, 2022

8. 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, 2021	Funding received	Revenue recognized	March 31, 2022
Indigenous Services Canada (ISC)	\$ 5,547,625	\$ 27,491,234	\$ (21,159,971)	\$ 11,878,888
LSLIRC	1,050,741	2,545,969	(2,134,749)	1,461,961
Other	548,006	7,688,471	(6,628,181)	1,608,297
	\$ 7,146,372	\$ 37,725,674	\$ (29,922,901)	\$ 14,949,146

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

March 31, 2022

9. Long-term debt

	2022	2021
CMHC mortgage bearing interest at 1.86%, repayable in monthly instalments of \$1,189 maturing April 2024. Secured by a ministerial guarantee.	\$ 94,635	\$ 107,023
CMHC mortgage bearing interest at 1.88%, repayable in monthly instalments of \$1,076 maturing February 2032. Secured by a ministerial guarantee.	116,751	127,611
CMHC mortgage bearing interest at 0.74%, repayable in monthly instalments of \$2,377 maturing February 2026. Secured by a ministerial guarantee.	503,420	528,126
CMHC mortgage bearing interest at 0.68%, repayable in monthly instalments of \$5,743 maturing August 2025. Secured by a ministerial guarantee.	1,491,484	1,550,051
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
RBC Loan, bearing interest at bank prime, repayable in quarterly payments of \$105,000, maturing 2041. Secured by a general security agreement and FNDF ministerial guarantee.	7,810,518	7,810,518
RBC Loan, bearing interest at bank prime, repayable in full on July 31, 2022. Secured by a general security agreement and FNDF ministerial guarantee.	6,500,000	-
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 \$21,056.	9,802	23,697
<u>CMHC mortgage advance.</u>	<u>425,439</u>	-
	\$ 16,988,980	\$ 10,183,957

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

March 31, 2022

9. Long-term debt (continued)

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

2023	\$ 538,476
2024	7,028,463
2025	529,457
2026	530,463
2027 and thereafter	8,362,121
	<hr/>
	\$ 16,988,980

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

10. Tangible Capital Assets

	Cost			Accumulated amortization			2022 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 83,701,081	\$ 8,191,975	\$ 91,893,056	\$ 26,276,788	\$ 1,911,411	\$ 28,188,199	\$ 63,704,857
Automotive equipment	4,555,645	778,750	5,334,395	4,052,053	239,540	4,291,593	1,042,802
Equipment	2,541,081	22,282	2,563,363	2,094,342	141,412	2,235,754	327,609
Signs	23,500	-	23,500	16,450	4,700	21,150	2,350
	\$ 90,821,307	\$ 8,993,007	\$ 99,814,314	\$ 32,439,633	\$ 2,297,063	\$ 34,736,696	\$ 65,077,618

	Cost			Accumulated amortization			2021 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 73,588,971	\$ 10,112,110	\$ 83,701,081	\$ 24,230,675	\$ 2,046,113	\$ 26,276,788	\$ 57,424,293
Automotive equipment	4,340,809	214,836	4,555,645	3,784,919	267,134	4,052,053	503,592
Equipment	2,338,967	202,114	2,541,081	1,949,864	144,478	2,094,342	446,739
Signs	23,500	-	23,500	11,750	4,700	16,450	7,050
	\$ 80,292,247	\$ 10,529,060	\$ 90,821,307	\$ 29,977,208	\$ 2,462,425	\$ 32,439,633	\$ 58,381,674

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

March 31, 2022

11. Accumulated surplus

	2022	2021
Operating Fund	\$ 2,293,786	\$ (1,482,895)
Enterprise Funds - Driftpile Entities	4,486,958	3,980,391
Tangible Capital Asset Fund	48,088,638	48,197,717
Investment Fund	1,005,524	5,524
Ottawa Trust Funds	1,239,919	1,211,182
Agricultural Benefits Settlement Trust	51,641,694	51,824,510
	<u>\$108,756,519</u>	<u>\$103,736,429</u>

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

12. Driftpile Cree Nation Agricultural Benefits Settlement Trust

The Trustees of the Driftpile Cree Nation Agricultural Benefits Settlement Trust are required to hold the Trust Property in trust and use the Trust Property for the specific purposes as outlined in the Driftpile Cree Nation Agricultural Benefits Settlement Trust Agreement.

Per capita distributions due to beneficiaries under the age of 18, are held in Trust and invested in agreed upon investment funds as outlined in the Trust Agreement. Trustees are required to monitor and evaluate the performance of the investments to ensure they are in compliance with the Trust Agreement.

Upon a beneficiary reaching the age of 18 years old, the beneficiary is entitled to their proportionate per capita distribution, adjusted for inflation.

Annual income of the Trust, is deemed to be due and payable to Driftpile Cree Nation to be used for specific purposes as outlined in the Trust Agreement.

2022	
<u>Investments</u>	<u>\$ 54,184,588</u>
<u>Accounts payable</u>	<u>\$ 2,542,894</u>
Total liabilities	2,542,894
<u>Equity</u>	<u>51,641,694</u>
Total liabilities and equity	\$ 54,184,588
2022	
<u>Revenue</u>	<u>\$ 2,394,804</u>
<u>Expenses</u>	<u>214,724</u>
Net income	\$ 2,180,080

13. Contingent liabilities

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

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

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. At the year end date, the reserve was underfunded by \$35,112 (2021 overfunded by \$44,815).

15. Financial Instruments

The Nation's financial instruments consist of cash, accounts receivable, Ottawa Trust funds, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, the carrying value of its financial instruments approximates fair value.

It is management's opinion that the Nation is not exposed to significant currency risk from its financial instruments. The Nation is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that the entities may experience financial difficulty and be unable to fulfill their obligations. The large amount of annual funding received from the Government of Canada minimizes credit risk.

COVID-19 (see note 2) has resulted in an increase in risk of these financial instruments. The Nation cannot predict changes in these risks or the impact on operating results. Such changes related to the COVID-19 pandemic, could have a material effect in the Nation's operations and financial condition.

16. Economic Dependence

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

17. 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 2022 were \$385,367 (2021: \$193,874).

18. Budget

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

19. Comparative Amounts

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

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

20. Expenses by Object

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Administration fees	\$ 101,223	\$ 51,688	\$ 494,181
Advertising	14,000	-	-
Agricultural Benefits Settlement disbursements	-	-	82,162,500
Amortization	-	2,297,063	2,462,425
Unrecoverable debts	-	99,026	-
Capital purchases	1,549,985	-	-
Community events	645,158	527,250	482,393
Education allowance	700,380	727,405	864,688
Equipment rental	10,000	351,713	87,425
Health care expenses	3,403,873	2,520,857	2,074,003
Human resources development	186,568	699,675	236,401
Insurance	161,779	179,642	169,495
Interest and bank charges	411,000	403,091	1,212,844
Interest on long-term debt	-	17,843	19,225
Materials and supplies	188,542	312,132	564,053
Meeting and travel expenses	1,189,303	1,040,149	624,511
Office	445,891	270,580	286,859
Professional fees	421,765	636,357	848,898
Program costs	675,844	619,857	285,683
Repairs and maintenance	1,715,440	1,477,646	1,239,304
Social assistance	1,208,643	1,383,846	1,283,331
Subcontractors	-	-	51,217
Training	65,900	85,703	25,388
Tuition fees	1,398,332	1,355,728	1,688,158
Utilities and telephone	604,600	613,926	704,873
Vehicle operation and maintenance	75,700	76,489	44,270
Wages and benefits	10,337,652	9,822,378	7,869,958
	\$ 25,511,578	\$ 25,570,044	\$ 105,782,083

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

21. 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:

	2022 Budget	Band 2022 Actual	Government 2021 Actual	2022 Budget	Education 2022 Actual	2021 Actual	2022 Budget	Health 2022 Actual	2021 Actual
Revenues									
ISC - funding	\$ 866,940	\$ 1,001,180	\$ 851,596	\$ 3,942,677	\$ 5,391,037	\$ 5,648,797	\$ 8,163,100	\$ 6,297,108	\$ 5,384,134
LSLIRC	160,000	668,118	-	-	30,000	25,000	80,848	461,102	189,591
Transfers (to) from other programs	919,750	1,359,521	802,133	(535,967)	(446,941)	234,422	388,771	22,573	(1,146,633)
Other revenue	346,717	382,586	1,199,219	267,091	106,310	72,778	251,663	(43,462)	114,231
Total revenue	2,293,407	3,411,405	2,852,948	3,673,801	5,080,406	5,980,997	8,884,382	6,737,321	4,541,323
Expenses									
Wages and benefits	1,349,467	1,899,771	1,433,842	2,855,341	2,374,124	2,312,195	2,677,682	2,508,326	1,896,507
Meeting and travel expenses	370,000	340,292	247,969	98,528	41,874	57,255	482,675	320,146	247,356
Office	56,500	51,002	88,896	46,313	43,018	69,416	44,500	37,458	18,939
Program expenses	-	-	-	-	-	-	3,164,337	2,385,113	1,901,956
Repairs and maintenance	30,000	29,287	49,022	103,840	102,680	123,179	-	-	-
Tuition fees	-	-	-	1,398,332	1,355,728	1,688,158	-	-	-
Utilities and telephone	91,400	112,667	111,235	104,145	53,077	84,424	3,500	7,778	1,000
Other expenses	396,040	842,557	430,939	1,009,083	997,547	1,612,247	1,368,588	512,067	262,332
Total expenses	2,293,407	3,275,576	2,361,903	5,615,582	4,968,048	5,946,874	7,741,282	5,770,888	4,328,090
Annual surplus (deficit)	\$ -	\$ 135,829	\$ 491,045	\$ (1,941,781)	\$ 112,358	\$ 34,123	\$ 1,143,100	\$ 966,433	\$ 213,233

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

21. Segmented information (continued)

	Social Services			Housing			Community Services		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
ISC - funding	\$ 3,657,186	\$ 2,592,955	\$ 1,969,382	\$ 753,309	\$ 1,654,029	\$ 2,382,960	\$ 18,277	\$ 18,277	\$ -
LSLIRC	-	-	-	-	-	-	393,879	186,439	108,378
Transfers (to) from other programs	(345,173)	(12,249)	31,961	(65,331)	(103,533)	(106,996)	(150,000)	(710,000)	-
Other revenue	261,493	341,599	290,736	(2,614)	296,327	200,725	539,263	1,874,898	1,062,639
Total revenue	3,573,506	2,922,305	2,292,079	685,364	1,846,823	2,476,689	801,419	1,369,614	1,171,017
Expenses									
Wages and benefits	1,107,029	1,005,525	720,202	221,715	236,828	238,360	195,546	105,549	67,961
Meeting and travel expenses	66,500	24,552	6,062	17,000	3,904	7,289	53,100	72,409	19,091
Office	62,733	54,814	45,602	11,185	26,145	18,163	16,000	9,200	11,657
Health care expenses	177,427	81,794	20,872	-	-	-	47,110	45,984	7,656
Repairs and maintenance	8,700	5,197	6,825	385,864	357,549	536,581	3,000	800	-
Utilities and telephone	16,425	6,302	7,037	37,400	33,358	104,523	11,100	8,053	9,308
Other expenses	1,621,339	1,818,331	1,455,564	12,200	40,171	200,624	283,423	258,795	340,697
Total expenses	3,060,153	2,996,515	2,262,164	685,364	697,955	1,105,540	609,279	500,790	456,370
Annual surplus (deficit)	\$ 513,353	\$ (74,210)	\$ 29,915	-	\$ 1,148,868	\$ 1,371,149	\$ 192,140	\$ 868,824	\$ 714,647

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

21. Segmented information (continued)

	Economic Development			Public Works			Other	
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2021 Actual
Revenues								
ISC funding	\$ 521,939	\$ 928,590	\$ 329,861	\$ 3,381,624	\$ 3,276,795	\$ 9,160,893	-	\$ -
LSLIRC	446,421	789,091	413,818	-	-	-	-	-
FNDF	-	-	-	-	-	-	450,000	645,087
Transfers (to) from other programs	(33,294)	(17,370)	(22,247)	(178,756)	(81,643)	141,860	-	(10,357)
Other revenue	223,281	654,972	2,585,825	835,069	333,962	127,668	592,871	2,703,133
Total revenue	1,158,347	2,355,283	3,307,257	4,037,937	3,529,114	9,430,421	1,042,871	3,337,863
Expenses								
Wages and benefits	414,939	685,822	364,746	1,258,807	874,515	799,887	257,128	131,916
Meeting and travel expenses	30,000	185,048	23,347	44,000	43,314	6,992	27,500	8,609
Office	71,917	10,946	11,171	21,500	14,349	12,078	115,243	23,648
Health care expenses	-	-	-	-	-	-	15,000	7,967
Repairs and maintenance	-	-	-	1,134,036	972,975	515,910	50,000	9,158
Utilities and telephone	7,880	3,935	4,382	282,750	382,323	370,133	50,000	7,784
Other expenses	572,611	977,830	519,356	622,200	328,946	593,311	528,000	242,440
Total expenses	1,097,347	1,863,581	923,002	3,363,293	2,616,422	2,298,311	1,042,871	430,172
Annual surplus (deficit)	\$ 61,000	\$ 491,702	\$ 2,384,255	\$ 674,644	\$ 912,692	\$ 7,132,110	-	\$ 2,907,691
								193,658

Driftpile Cree Nation

Notes to Consolidated Financial Statements

March 31, 2022

21. Segmented information (continued)

	Agricultural Benefits Trust			Amortization			Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
ISC - funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,305,052	\$ 21,159,971	\$ 25,727,623
LSLIRC	-	-	-	-	-	-	1,081,148	2,134,750	736,787
FNDF	-	-	-	-	-	-	450,000	645,087	388,239
Other revenue	3,000	-	134,879,644	-	-	-	3,317,834	6,650,325	140,855,654
Total revenue	3,000	-	134,879,644	-	-	-	26,154,034	30,590,134	167,708,303
Expenses									
Wages and benefits	-	-	-	-	-	-	10,337,654	9,822,376	7,869,958
Meeting and travel expenses	-	-	-	-	-	-	1,189,303	1,040,148	624,512
Office	-	-	-	-	-	-	445,891	270,580	286,860
Health care expenses	-	-	-	-	-	-	3,403,874	2,520,858	2,074,003
Repairs and maintenance	-	-	-	-	-	-	1,715,440	1,477,646	1,239,301
Tuition fees	-	-	-	-	-	-	1,398,332	1,355,728	1,688,158
Utilities and telephone	-	-	-	-	-	-	604,600	613,927	704,874
Other expenses	3,000	153,034	83,055,134	-	2,297,063	2,462,425	6,416,484	8,468,781	91,294,417
Total expenses	3,000	153,034	83,055,134	-	2,297,063	2,462,425	25,511,578	25,570,044	105,782,083
Annual surplus (deficit)	\$ -	\$ (153,034)	\$ 51,824,510	\$ -	\$ (2,297,063)	\$ (2,462,425)	\$ 642,456	\$ 5,020,090	\$ 61,926,220