

Fort McMurray #468 First Nation
Consolidated Financial Statements
March 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of Fort McMurray #468 First Nation:

We have audited the accompanying consolidated financial statements of Fort McMurray #468 First Nation which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, accumulated surplus, changes in net financial assets, cash flows and 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity's preparations 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 entity'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.

Basis for Qualified Opinion

We were unable to observe sufficient evidence of the Nation's budget as they did not prepare one. Therefore, the Nation did not meet PSA standard 1201 that requires a budget be prepared and disclosed.

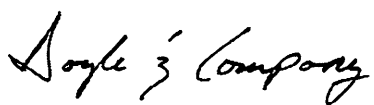
Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of the Fort McMurray #468 First Nation as at March 31, 2018 and the results of its operations, accumulated surplus, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The prior year figures have been audited by another accounting firm.

July 25, 2018
Edmonton, Alberta


Chartered Professional Accountants

Fort McMurray #468 First Nation

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Management's Responsibility

To the Members of Fort McMurray #468 First Nation:

The accompanying consolidated financial statements of Fort McMurray #468 First Nation are the responsibility of management and have been approved by the Chief and Council.

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

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

The Fort McMurray #468 First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

Doyle & Company Chartered Professional Accountants is appointed by the Council on behalf of the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 25, 2018

signed "Bradley Callihoo"

Chief Executive Officer

Fort McMurray #468 First Nation

Consolidated Statement of Financial Position

As at March 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents (Note 2)	6,253,580	2,917,172
Restricted investments (Note 3)	21,980,534	759,201
Accounts receivable (Note 4)	1,904,451	2,547,122
Investment in Nation partnerships and businesses (Note 5)	20,666,616	21,223,679
Indigenous Services Canada capital and revenue trust funds (Note 6)	152,918	105,933
Loan receivable (Note 7)	-	1,000,000
Total of financial assets	50,958,099	28,553,107
Liabilities		
Accounts payable and accruals (Note 9)	1,811,076	2,670,710
Deferred revenue (Note 2), (Note 10)	6,092,315	631,323
Long-term debt (Note 11)	739,048	832,793
Indigenous Services Canada Native claims loans (Note 3), (Note 12)	971,457	921,827
Due to minor members (Note 3)	3,080,000	-
Total of financial liabilities	12,693,896	5,056,653
Net financial assets	38,264,203	23,496,454
Contingent liabilities (Note 14)		
Guarantees (Note 15)		
Non-financial assets		
Tangible capital assets (Note 13) (Schedule 1)	12,285,913	11,402,748
Accumulated surplus	50,550,116	34,899,202
Approved on behalf of the Council		
<u>signed "Ron Kreutzer"</u>	Councilor	<u>signed "Ron Kreutzer Jr."</u> Councilor

Fort McMurray #468 First Nation Consolidated Statement of Operations

For the year ended March 31, 2018

	<i>Schedules</i>	2018	2017
Revenue			
Government funding			
Agricultural Benefit Claim (Note 3)		34,852,071	-
Indigenous Services Canada		2,158,177	6,743,194
Health Canada		878,455	1,134,331
First Nation Development Funds		378,937	763,037
Athabasca Tribal Council		176,261	164,070
Canada Mortgage and Housing Corporation		49,069	49,259
Additional government funding		840,189	-
Total Government funding		39,333,159	8,853,891
Industrial relations (Schedule 15)		3,253,924	2,909,814
Industry contributions and investment income in the Community Trust		2,247,612	1,439,997
Proceeds from insurance		79,453	1,072,405
Other revenue		420,825	651,547
Donations and other receipts from industry		361,758	558,848
Rental income		205,950	145,000
Land access fees		10,133	11,368
Revenue funds held in trust (Note 6)		46,985	8,002
		45,959,799	15,650,872
Program expenses			
Administration and Finance	3	3,317,289	8,839,841
Chief and Council	4	645,593	533,040
Operations and Maintenance	5	1,519,825	1,390,205
Economic Development	6	1,254	96,796
Education and Training	7	67,160	53,478
First Nation Development Funds	8	46	100,928
Health Services	9	1,088,162	1,103,941
Band Housing	10	1,110,470	1,035,629
Aboriginal Skills Employment & Training Services	11	240,060	150,167
Summer Students	12	18,584	43,421
Membership	13	435,151	366,597
Social Assistance	14	506,848	531,829
Industrial Relations	15	3,165,388	2,472,195
Community Trust	16	26,775	27,335
Office of Commercial Development	17	380,868	186,069
Agriculture Benefit Trust	18	15,227,580	36,418
First Nation Commercial Industrial Development Act	19	221,980	-
Total expenditures		27,973,033	16,967,889
Surplus (deficit) before other items		17,986,766	(1,317,017)
Other income (expense)			
Gain (loss) on disposal of capital assets		-	206,454
Loss from investments in Nation partnerships and businesses (Note 5)		(2,335,852)	(1,951,610)
		(2,335,852)	(1,745,156)
Operating surplus (deficit)		15,650,914	(3,062,173)

Fort McMurray #468 First Nation
Consolidated Statement of Accumulated Operating Surplus
For the year ended March 31, 2018

	2018	2017
Accumulated surplus, beginning of year	34,899,202	37,961,375
Surplus (deficit)	15,650,914	(3,062,173)
Accumulated surplus, end of year	50,550,116	34,899,202

Fort McMurray #468 First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2018

	2018	2017
Annual surplus (deficit)	15,650,914	(3,062,173)
Purchases of tangible capital assets	(1,794,503)	(650,560)
Amortization of tangible capital assets <i>(Note 13) (Schedule 1)</i>	911,338	1,056,742
Contributed tangible capital assets <i>(Note 13) (Schedule 1)</i>	-	(160,000)
(Gain) loss on sale of tangible capital assets	-	(206,454)
Proceeds of disposal of tangible capital assets	-	372,598
Increase (decrease) in net assets	14,767,749	(2,649,847)
Net financial assets, beginning of year	23,496,454	26,146,301
Net financial assets, end of year	38,264,203	23,496,454

Fort McMurray #468 First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	15,650,914	(3,062,173)
Non-cash items		
Amortization <i>(Schedule 1)</i>	911,338	1,056,742
Loss re-invested in Nation partnerships and businesses <i>(Note 5)</i>	2,335,852	1,951,610
Gain (loss) on disposal of capital assets	-	(206,454)
Contributions to Indigenous Services Canada trust funds <i>(Note 6)</i>	(46,985)	(8,002)
Loan receivable allowance <i>(Note 7)</i>	1,000,000	-
Due to minor members <i>(Note 3)</i>	3,080,000	-
	22,931,119	(268,277)
Changes in working capital accounts		
Accounts receivable	642,671	(1,392,760)
Accounts payable and accruals	(859,634)	2,080,858
Deferred revenue	5,460,992	30,595
	28,175,148	450,416
Financing activities		
Repayment of long-term debt	(93,745)	(155,793)
Indigenous Services Canada Native claim loan advance <i>(Note 12)</i>	136,000	189,505
Indigenous Services Canada Native claim loan repayment <i>(Note 12)</i>	(86,370)	-
	(44,115)	33,712
Capital activities		
Purchases of tangible capital assets <i>(Note 13) (Schedule 1)</i>	(1,794,503)	(650,560)
Proceeds of disposal of tangible capital assets	-	372,598
	(1,794,503)	(277,962)
Investing activities		
Purchase of Restricted investments <i>(Note 3)</i>	(21,221,333)	(491,245)
Advances to Nation partnerships and businesses <i>(Note 5)</i>	(1,778,789)	-
Withdrawals from Nation partnerships and businesses <i>(Note 5)</i>	-	2,866,257
Loan receivable <i>(Note 7)</i>	-	(500,000)
	(23,000,122)	1,875,012
Increase (decrease) in cash resources	3,336,408	2,081,178
Cash resources, beginning of year	2,917,172	835,994
Cash resources, end of year	6,253,580	2,917,172
Cash resources are composed of:		
Cash and cash equivalents total (positive only)	6,253,580	2,917,172
Supplementary cash flow information		
Interest paid	38,310	47,519

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

1. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian Public Sector Accounting Standards and include the following significant accounting policies:

Reporting entity and principles of consolidation

The consolidated financial statements consolidate the financial activities of all entities and departments comprising Fort McMurray #468 First Nation (the "Nation"), except for Nation business entities.

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

- Fort McMurray #468 First Nation Industrial Relations Corporation
- Fort McMurray #468 First Nation Community Trust ("Community Trust")
- FMFN Office of Commercial Development Ltd.
- Fort McMurray #468 First Nation Business Association Limited
- Fort McMurray #468 First Nation Agricultural Benefits Settlement Trust ("Agricultural Benefit Trust")

Business accounted for by the modified equity basis include:

- i) Christina River Enterprises (1987) Ltd.
- ii) Fort McMurray First Nation Holdings Limited Partnership, which includes Fort McMurray First Nation Holdings Corporation.
- iii) Fort McMurray First Nation Distributors Ltd.
- iv) Fort McMurray Business Trust, which consists of:
 - Christina River Enterprises Limited Partnership
 - Christina River Enterprises GP Inc.
 - FMFN Rigs Limited Partnership (formerly Fort McMurray First Nation Refinery Limited Partnership)
 - FMFN Rigs GP Inc (formerly Fort McMurray First Nation Refinery GP)
 - Fort McMurray First Nation Management Ltd.
 - CRE/NCSG Crane and Heavy Haul Limited Partnership
 - Christina Logistics Limited Partnership
- v) FM #468 FN Limited Partnership

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

The Nation's business entities, which are owned or controlled by the Nation but not dependent on the Nation for their continuing operations, are included in the Nation's consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities are recorded at acquisition cost and are increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, and expenses that have been prepaid.

Net financial assets

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Revenue recognition

Funding

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

Government transfers

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Industry and other revenues

Industry and other revenues are recognized when prices are agreed upon, all significant contractual obligations have been satisfied, and collectibility is reasonably assured.

Indigenous Services Canada capital and revenue trust funds

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

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation capital assets, and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Restricted temporary investments

Restricted temporary investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate
Building and housing	straight-line	20-25 years
Computer software	declining balance	100 %
Office equipment	declining balance	20-55 %
Infrastructure	straight-line	20 years
Automotive equipment	declining balance	30 %
Equipment	declining balance	30 %

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

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in surplus for the year.

Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable, including amounts due from Membership, and loans receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accruals related to government transfers from Indigenous Services Canada and Health Canada are estimates based on the related funding agreement and actual expenses. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Nation is responsible for.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding and environmental standard exists, the Nation is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

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

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Segments

The Nation conducts its business through 15 reportable segments: Administration and Finance, Chief and Council, Operations and Maintenance, Economic Development, Education, First Nation Development Funds, Health Services, Band Housing, Human Resource Development, Summer Students, Membership, Social Assistance, Industrial Relations, Trust Funds and Office of Commercial Development. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed above. Inter segment transfers are recorded at their exchange amount.

Financial instruments

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

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

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses, with the exception of gains and losses on externally restricted financial assets measured at fair value, which are recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. The First Nation has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations; however, interest income on externally restricted financial assets is recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

2. Cash and cash equivalents

Included in cash and cash equivalents is \$5,000,000 (2017 - \$nil) received for a capital project and is restricted for this purpose. The amount is recorded in deferred revenue for use in future periods.

3. Restricted investments

As at March 31, 2018, the Nation had an investment in mutual funds with both the carrying value and fair market value equal to \$8,500,534 (2017 - \$759,201). This amount is externally restricted for use on trust eligible expenditures.

During the year \$34,852,071 (2017 - \$nil) was received for settlement of the Agricultural Benefits claim. Of this amount \$8,000,000 (2017 - \$nil) was transferred to the Community Trust, \$86,370 (2017 - \$nil) repaid the agricultural benefit claim loan (Note 12), \$857,514 (2017 - \$nil) was paid to cover professional fees and contractor fees, \$11,288,578 (2017 - \$nil) was paid to eligible members, \$13,480,000 (2017 - \$nil) was invested in the Agricultural Benefit Trust and the remaining amount was used by the Nation in the normal course of business. \$3,080,000 (2017 - \$nil) is restricted for payments to minors as they meet specific eligibility criteria. The remaining amount will be invested and the returns on these investments will be returned to members annually based on by-laws that govern the Trust.

4. Accounts receivable

	2018	2017
Indigenous Services Canada	41,981	898,253
First Nation Development Funds	108,418	108,418
Members	9,937	33,320
Tax receivables	45,991	7,185
Trade receivables	325,691	316,900
Industrial Relations -Trade receivables	2,031,771	1,330,234
Allowance for doubtful accounts	(659,338)	(147,188)
	1,904,451	2,547,122

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

5. Investments in Nation partnerships and businesses

The Nation has investments in the following entities:

				2018
	Opening net investment	Current contributions (draws)	Current earnings (loss)	Total investment
Investments held at cost				
Athabasca Tribal Council Ltd.	1	-	-	1
Mark Amy Centre for Healing Addictions Ltd.	1	-	-	1
Fort McMurray First Nation Distributors Ltd.	1	-	-	1
FMFN Office of Commercial Development Ltd.	1	-	-	1
Fort McMurray #468 First Nation Business Association Limited	1	-	-	1
	5	-	-	5
Wholly-owned Businesses:				
Fort McMurray First Nations Holdings Limited Partnership	24,174	-	(1,033)	23,141
Christina River Enterprises (1987) Ltd.	182,193	-	-	182,193
Fort McMurray Business Trust	21,017,307	1,011,998	(1,568,028)	20,461,277
FM #468 FN Limited Partnership	-	766,791	(766,791)	-
	21,223,674	1,778,789	(2,335,852)	20,666,611
	21,223,679	1,778,789	(2,335,852)	20,666,616

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

5. Investments in Nation partnerships and businesses *(Continued from previous page)*

					2017
		Opening net investment	Current contributions (draws)	Current earnings (loss)	Total investment
Investments held at cost					
Athabasca Tribal Council Ltd.	1	-	-	-	1
Mark Amy Centre for Healing Addictions Ltd.	1	-	-	-	1
Fort McMurray First Nation Distributors Ltd.	1	-	-	-	1
FMFN Office of Commercial Development Ltd.	1	-	-	-	1
Fort McMurray #468 First Nation Business Association Limited	-	1	-	-	1
	4	1	-	-	5
Wholly-owned Businesses:					
Fort McMurray First Nations Holdings Limited Partnership	25,207	-	(1,033)	-	24,174
Christina River Enterprises (1987) Ltd.	182,943	-	(750)	-	182,193
Fort McMurray Business Trust	25,833,391	(3,544,575)	(1,271,509)	-	21,017,307
FM #468 FN Limited Partnership	-	678,318	(678,318)	-	-
	26,041,541	(2,866,257)	(1,951,610)	-	21,223,674
	26,041,545	(2,866,256)	(1,951,610)	-	21,223,679

Summary financial information for each Nation business enterprise, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>Christina River Enterprises (1987) Ltd. As at March 31, 2018</i>	<i>Fort McMurray First Nations Holdings Limited Partnership As at March 31, 2018</i>	<i>Fort McMurray Business Trust As at March 31, 2018</i>	<i>FM #468 FN Limited Partnership As at March 31, 2018</i>
Assets				
Current assets	-	29,120	8,243,735	-
Long-term assets	190,401	-	13,908,813	-
Total assets	190,401	29,120	22,152,548	-
Liabilities				
Current liabilities	8,208	5,979	1,691,266	-
Total liabilities	8,208	5,979	1,691,266	-
	182,193	23,141	20,461,282	-
Total revenue	-	-	23,517,077	-
Total expenses	-	1,033	25,085,105	766,791
	-	(1,033)	(1,568,028)	(766,791)

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Indigenous Services Canada capital and revenue trust funds

The Ottawa Trust accounts 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 63 and 69 of the *Indian Act*.

These Ottawa Funds are held in trust in the Consolidated Revenue fund of the Government of Canada. These funds earn interest as specified in Section 61(2) of the *Indian Act*.

Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Council.

	2018	2017
Capital Trust		
Balance, beginning of year	3,300	3,300
Balance, end of year	3,300	3,300
Revenue Trust		
Balance, beginning of year	102,633	94,631
Interest and land leases	46,985	8,002
Balance, end of year	149,618	102,633
	152,918	105,933

7. Loan receivable

During the prior year, the Nation entered into an agreement which required the Nation to provide a loan, up to a limit of \$1,500,000 of which \$1,000,000 (2017 - \$1,000,000) was advanced. Based on the Company's financial performance an allowance has been recorded for the balance advanced.

8. Bank indebtedness

As at March 31, 2018, the Nation had a revolving credit facility available with the Royal Bank of Canada to a maximum of \$1,500,000 (2017 - maximum of \$1,500,000), of which \$nil (2017 - \$nil) was drawn. The credit facility bears an interest rate of prime plus 1.00% and revolves in increments of \$5,000.

As at March 31, 2018, the Nation had a \$500,000 (2017 - \$500,000) non-revolving term facility with the Royal Bank of Canada of which \$nil (2016 - \$nil) was drawn. The credit facility bears an interest rate of prime plus 2.00%.

Refer to Note 11 for security information on Royal Bank credit facilities.

9. Accounts payable and accruals

	2018	2017
Trade payables and accrued liabilities	1,661,858	1,610,447
Indian and Northern Affairs Canada repayment	42,901	938,099
Goods and Services Tax payable	-	11,805
Vacation and wages payable	69,559	60,387
Source deductions payable	36,758	49,972
	1,811,076	2,670,710

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10. Deferred revenue

	2018	2017
Deferred revenue	634,424	-
Indigenous Services Canada	5,202,262	393,823
First Nation Development Funds	78,129	-
Deferred capital funding	177,500	237,500
	6,092,315	631,323

Included in the deferred amount from Indigenous Services Canada is \$5,000,000 received for a future long term capital project.

11. Long-term debt

	2018	2017
Royal Bank of Canada mortgage repayable at \$6,374 per month including interest at 6.02%, due March 2019.	570,846	611,691
First Nations Bank loan fully repaid during 2018 financial year.	-	9,028
CMHC mortgage repayable at \$966 per month including interest at 0.96% due September 2021.	89,299	99,988
CMHC mortgage repayable at \$1,065 per month including interest at 1.98% due May 2019.	73,346	84,582
CMHC mortgage repayable at \$1,855 per month including interest at 2.02% due June 2018.	5,557	27,504
	739,048	832,793

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2019	74,294
2020	68,720
2021	71,916
2022	75,293
2023 and thereafter	448,825
	739,048

The Royal Bank of Canada is secured by a general security agreement. As additional security on the long-term debt with the Royal Bank of Canada, subsidiary partnerships to the Nation have signed guarantees totaling \$6,376,000 (2017 - \$6,376,000). These guarantee extends to the operating line of credit disclosed in Note 7.

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12. Indigenous Services Canada Native claims loans

Fort McMurray #468 First Nation is liable to the Government of Canada for \$971,457 (2017 - \$921,827) under promissory notes and a Native Claims Loan Agreement payable on the date on which the claim is settled.

The loans are to assist the Nation in pursuing its specific claims, Treaty 8 Agricultural Benefit Claim and Treaty Land Entitlement. The loans are interest free unless the Nation is in default or the promissory notes comes to maturity, in such case interest will accrue from the date of default or maturity at a rate to be determined.

Advances of \$135,000 (2017 - \$189,505) and repayments of \$86,370 (2017 - \$nil) on the Native claim loans were made during the year.

13. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

During the year, purchases of tangible capital assets of \$1,794,503 (2017 - \$810,560) were made. Purchases by program were as follows:

- Operations and maintenance - \$135,650 (2017 - \$34,464)
- Buildings - \$842,710 (2017 - \$nil)
- Band Housing - \$816,143 (2017 - \$667,096)
- Health Canada - \$nil (2017 - \$109,000)

Included in tangible capital asset additions for Band Housing are trailers with a value of \$nil (2017 - \$160,000) which were donated to the Nation.

14. Contingent liabilities

The Nation has been named as defendant in certain legal proceedings. The Nation is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these consolidated financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

These consolidated financial statements are subject to review by the Nation's funding agents. It is possible that adjustments could be made based on the results of their reviews.

15. Guarantees

The Nation has signed a guarantee and postponement of claims related to the Royal Bank of Canada credit facilities for Christina River Enterprises Limited Partnership, a subsidiary Partnership, to a maximum of \$1,965,000 (2017 - \$1,965,000). As at March 31, 2018, the subsidiary Partnership had \$nil (2017 - \$nil) outstanding on all related facilities. The facilities are additionally secured by a general security agreement and a guarantee and postponement of claims in the amount of \$1,965,000 (2017 - \$1,965,000) from Fort McMurray First Nation Holdings Limited Partnership.

As at March 31, 2018, no liability (2017 - no liability) has been recorded associated with these guarantees.

16. Financial Instruments

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

Risk Management Policy

The First Nation, as part of operations, has established management objectives such as avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the First Nation follows a risk management policy approved by Chief and Council.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the First Nation's financial instruments best represents the maximum exposure to credit risk.

The First Nation manages its credit risk by performing regular credit assessments of its customers and provides IRC allowances for potentially uncollectible accounts receivable. Currently, the allowance for doubtful accounts is \$659,338 (2017 - \$147,188). As well an allowance was recorded for the loan receivable (Note 7).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Nation is exposed to interest rate risk with respect to the loan receivable and its long-term debt amounts which bear interest at rates agreed upon at the time of issuance.

17. Comparative figures

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