

**Fort McMurray #468 First Nation**  
**Consolidated Financial Statements**  
**March 31, 2019**

# Fort McMurray #468 First Nation

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**Fort McMurray #468 First Nation**  
**March 31, 2019**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

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

The financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members. Doyle & Company have full and free access to the Council.

  
\_\_\_\_\_  
Sementha Ahnaw  
Councillor

Chief

  
\_\_\_\_\_  
Councillor

Allan J. Grykuliak, CPA, CA\*  
Scott T. Mockford, CPA, CA\*  
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## **INDEPENDENT AUDITOR'S REPORT**

**To the Chief and Council of Fort McMurray #468 First Nation,**

### **Opinion**

We have audited the Consolidated financial statements of Fort McMurray #468 First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of change in net assets, operations, 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 financial position of Fort McMurray #468 First Nation as at March 31, 2019, and the results of its operations and its 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

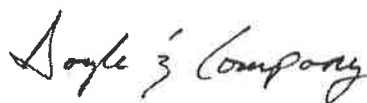
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Edmonton, Alberta  
September 12, 2019



Chartered Professional Accountants

**Fort McMurray #468 First Nation**  
**Consolidated Statement of Financial Position**

As at March 31, 2019

|   | 2019<br>\$        | 2018<br>\$        |
|---|-------------------|-------------------|
| <b>FINANCIAL ASSETS</b>   |                   |                   |
| Cash (Note 4)   | 3,462,630         | 6,253,580         |
| Restricted investments (Note 5)                                     | 21,448,438        | 21,980,534        |
| Accounts receivable (Note 6)  | 1,706,986         | 1,904,451         |
| Investment in Nation partnerships and business (Note 7)             | 20,637,740        | 20,666,616        |
| Indigenous Services Canada capital and revenue trust funds (Note 8) | 165,476           | 152,918           |
|   | <b>47,421,270</b> | <b>50,958,099</b> |
| <b>LIABILITIES</b>  |                   |                   |
| Accounts payable and accruals (Note 10)                             | 1,581,469         | 1,811,076         |
| Deferred contributions (Note 4), (Note 11)                          | 448,610           | 6,092,315         |
| Long-term debt (Note 12)  | 140,392           | 739,048           |
| Indigenous Services Canada Native claims loans (Note 5), (Note 13)  | 1,113,957         | 971,457           |
| Due to minor members (Note 5)                                       | 3,020,000         | 3,080,000         |
|   | <b>6,304,428</b>  | <b>12,693,896</b> |
| <b>NET FINANCIAL ASSETS</b>   | <b>41,116,842</b> | <b>38,264,203</b> |
| <b>Contingent liabilities (Note 15)</b>                             |                   |                   |
| <b>Guarantees (Note 16)</b>   |                   |                   |
| <b>NON-FINANCIAL ASSETS</b>   |                   |                   |
| Tangible capital assets (Note 14), (Schedule 2)                     | 16,660,663        | 12,285,913        |
| <b>ACCUMULATED SURPLUS</b>  | <b>57,777,505</b> | <b>50,550,116</b> |

**Approved by the First Nations:**

 Chief  
 Councillor

 Councillor

The accompanying notes form part of these financial statements.

**Fort McMurray #468 First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the year ended March 31, 2019**

|  | 2019<br>Actual<br>\$ | 2018<br>Actual<br>\$ |
|--|----------------------|----------------------|
| <b>REVENUE</b>   |                      |                      |
| Agricultural Benefit Claim (Note 5)  | 75,078               | 34,852,071           |
| Indigenous Services Canada (ISC)   | 2,511,163            | 6,769,354            |
| Health Canada  | 959,174              | 1,075,717            |
| First Nation Development Funds (FNDF)  | 457,029              | 457,066              |
| Athabasca Tribal Council (ATC)   | 216,175              | 176,261              |
| Canada Mortgage and Housing Corporation (CMHC)                                     | 30,541               | 49,069               |
| Other government funding   | 300,072              | 1,237,113            |
| Industrial relations   | 2,708,470            | 3,253,924            |
| Industry contributions and investment income in the Community Trust                | 4,453,927            | 2,425,112            |
| Proceeds from insurance  | -                    | 79,453               |
| Other revenue  | 396,433              | 420,825              |
| Donations and other receipts from industry   | 497,182              | 361,758              |
| Rental income  | 157,500              | 205,950              |
| Land access fees   | 11,574               | 10,133               |
| Revenue funds held in trust (Note 8)   | 12,558               | 46,985               |
| Deferred revenue from prior year   | 6,092,315            | 631,323              |
| Deferred revenue to next year  | (448,610)            | (6,092,315)          |
|  | <b>18,430,581</b>    | <b>45,959,799</b>    |
| <b>EXPENDITURES</b>  |                      |                      |
| Aboriginal Skills Employment & Training Services (ASETS)                           | 341,816              | 240,060              |
| Administration and Finance   | 2,942,866            | 3,317,289            |
| Agriculture Benefit Trust  | 5,797                | 15,227,580           |
| Band Housing   | 1,177,513            | 1,110,470            |
| Chief and Council  | 414,417              | 645,593              |
| Community Trust  | 13,975               | 26,775               |
| Day Care   | 172,659              | -                    |
| Economic Development   | 157,660              | 223,234              |
| Education and Training   | 138,259              | 67,160               |
| First Nation Development Funds (FNDF)  | -                    | 46                   |
| Health Services  | 880,028              | 1,088,162            |
| Industrial Relations (IRC)   | 2,670,351            | 3,165,388            |
| Membership   | 55,753               | 435,151              |
| Office of Commercial Development   | 229,131              | 380,868              |
| Operations and Maintenance   | 2,126,574            | 1,519,825            |
| Social Assistance  | 494,024              | 506,848              |
| Summer Students  | 37,427               | 18,584               |
|  | <b>11,858,250</b>    | <b>27,973,033</b>    |
| <b>EXCESS OF REVENUE OVER EXPENDITURES<br/>BEFORE OTHER REVENUE (EXPENDITURES)</b> | <b>6,572,331</b>     | <b>17,986,766</b>    |
| <b>OTHER REVENUE (EXPENDITURES)</b>  |                      |                      |
| Gain (loss) from investments in Nation partnerships and businesses (Note 7)        | 655,058              | (2,335,852)          |
| <b>EXCESS OF REVENUE OVER EXPENDITURES</b>   | <b>7,227,389</b>     | <b>15,650,914</b>    |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>                                      | <b>50,550,116</b>    | <b>34,899,202</b>    |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>  | <b>57,777,505</b>    | <b>50,550,116</b>    |

The accompanying notes form part of these financial statements.

**Fort McMurray #468 First Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended March 31, 2019**

|  | 2019<br>\$         | 2018<br>\$         |
|--|--------------------|--------------------|
| <b>EXCESS OF REVENUES OVER EXPENDITURES</b>    | <b>7,227,389</b>   | <b>15,650,914</b>  |
| Acquisition of tangible capital assets         | <b>(5,232,075)</b> | <b>(1,794,503)</b> |
| Amortization of tangible capital assets        | <b>857,325</b>     | <b>911,338</b>     |
|  | <b>(4,374,750)</b> | <b>(883,165)</b>   |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>        | <b>2,852,639</b>   | <b>14,767,749</b>  |
| <b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b> | <b>38,264,203</b>  | <b>23,496,454</b>  |
| <b>NET FINANCIAL ASSETS, END OF YEAR</b>       | <b>41,116,842</b>  | <b>38,264,203</b>  |

The accompanying notes form part of these financial statements.



# Fort McMurray #468 First Nation

## Consolidated Statement of Cash Flows

For the year ended March 31, 2019

|  | 2019<br>\$         | 2018<br>\$       |
|--|--------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |                    |                  |
| Cash received from funding agencies and other income             | 18,628,046         | 46,602,470       |
| Cash paid to suppliers and employees                             | (15,046,831)       | (18,427,319)     |
|  | 3,581,215          | 28,175,151       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |                    |                  |
| Purchase of capital assets (Note 14), (Schedule 2)               | (5,232,075)        | (1,794,506)      |
| Purchase of Restricted investments (Note 5)                      | -                  | (21,221,333)     |
| Advances to Nation partnerships and businesses (Note 7)          | (683,934)          | (1,778,789)      |
|  | (5,916,009)        | (24,794,628)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |                    |                  |
| Repayment of long-term debt                                      | (598,656)          | (93,745)         |
| Indigenous Services Canada Native claim loan advance (Note 13)   | 142,500            | 136,000          |
| Indigenous Services Canada Native claim loan repayment (Note 13) | -                  | (86,370)         |
|  | (456,156)          | (44,115)         |
| <b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>               | <b>(2,790,950)</b> | <b>3,336,408</b> |
| <b>CASH, Beginning of Year</b>                                   | <b>6,253,580</b>   | <b>2,917,172</b> |
| <b>CASH, End of Year</b>   | <b>3,462,630</b>   | <b>6,253,580</b> |
| <b>Cash is represented by:</b>                                   |                    |                  |
| Cash and cash equivalents  | 3,462,630          | 6,253,580        |
| <b>Supplementary cash flow information</b>                       |                    |                  |
| Interest paid  | 46,227             | 35,482           |

The accompanying notes form part of these financial statements.

**Fort McMurray #468 First Nation**  
**Consolidated Statement of Tangible Capital Assets - Schedule 1**  
**For the year ended March 31, 2019**

|  | Buildings        | Infrastructure   | Automobile     | Equipment     | Computer<br>software | Computer<br>equipment | 2019<br>\$        | 2018<br>\$        |
|--|------------------|------------------|----------------|---------------|----------------------|-----------------------|-------------------|-------------------|
| <b>COST:</b>                           |                  |                  |                |               |                      |                       |                   |                   |
| Balance, Beginning of Year             | 5,373,065        | 6,737,194        | 1,042,929      | 58,149        | 104,788              | 76,232                | 23,392,357        | 21,722,424        |
| Acquisition of tangible capital assets | 52,500           | -                | -              | -             | -                    | -                     | 52,500            | 392,508           |
| Construction-in-progress               | -                | 5,179,575        | -              | -             | -                    | -                     | 5,179,575         | 1,401,998         |
| Disposal of tangible capital assets    | -                | -                | -              | -             | -                    | -                     | -                 | (124,573)         |
| Balance, End of Year                   | 15,425,565       | 11,916,769       | 1,042,929      | 58,149        | 104,788              | 76,232                | 28,624,432        | 23,392,357        |
| <b>ACCUMULATED AMORTIZATION:</b>       |                  |                  |                |               |                      |                       |                   |                   |
| Balance, Beginning of Year             | 6,391,888        | 3,772,541        | 748,526        | 21,965        | 104,788              | 66,736                | 11,106,444        | 10,319,676        |
| Annual amortization                    | 417,651          | 336,860          | 88,322         | 11,814        | -                    | 2,678                 | 857,325           | 911,338           |
| Accumulated amortization on disposals  | -                | -                | -              | -             | -                    | -                     | -                 | (124,570)         |
| Balance, End of Year                   | 6,809,539        | 4,109,401        | 836,848        | 33,779        | 104,788              | 69,414                | 11,963,769        | 11,106,444        |
| <b>NET BOOK VALUE</b>                  | <b>8,616,026</b> | <b>7,807,368</b> | <b>206,081</b> | <b>24,370</b> | <b>-</b>             | <b>6,818</b>          | <b>16,660,663</b> | <b>12,285,913</b> |
| Net book value 2018                    | 8,981,177        | 2,964,653        | 294,403        | 36,184        | -                    | 9,496                 | 12,285,913        |                   |

The accompanying notes form part of these financial statements.

# Fort McMurray #468 First Nation

## Consolidated Statement of Financial Activities by Program - Schedule 2

For the year ended March 31, 2019

|  | ISC<br>Revenue<br>\$ | Prior<br>Deferred<br>Revenue<br>\$ | Current<br>Deferred<br>Revenue<br>\$ | Other<br>Revenue<br>\$ | Total<br>Revenue<br>\$ | 2019<br>Total<br>Expenditures<br>\$ | Surplus<br>(Deficit)<br>\$ |
|--|----------------------|------------------------------------|--------------------------------------|------------------------|------------------------|-------------------------------------|----------------------------|
| Aboriginal Skills Employment & Training Services (ASETS) | -                    | 243,855                            | (179,483)                            | 287,825                | 352,197                | 341,816                             | 10,381                     |
| Administration and Finance                               | 411,721              | -                                  | (56,372)                             | 787,503                | 1,142,852              | 2,942,866                           | (1,800,014)                |
| Agriculture Benefit Trust                                | -                    | -                                  | -                                    | 75,078                 | 75,078                 | 5,797                               | 69,281                     |
| Band Housing   | 722,163              | 300,000                            | -                                    | 30,688                 | 1,052,851              | 1,177,513                           | (124,662)                  |
| Chief and Council  | -                    | -                                  | -                                    | -                      | -                      | 414,417                             | (414,417)                  |
| Community Trust  | -                    | 258,467                            | -                                    | 4,453,927              | 4,712,394              | 13,975                              | 4,698,419                  |
| Daycare  | -                    | 60,916                             | (66,475)                             | 178,218                | 172,659                | 172,659                             | -                          |
| Economic Development                                     | 157,660              | -                                  | -                                    | -                      | 157,660                | 157,660                             | -                          |
| Education and Youth                                      | 69,637               | -                                  | -                                    | 51,000                 | 120,637                | 138,259                             | (17,622)                   |
| First Nation Development Funds                           | -                    | 78,129                             | -                                    | 457,029                | 535,158                | -                                   | 535,158                    |
| Health Services  | -                    | 145,948                            | (64,561)                             | 975,421                | 1,056,808              | 880,028                             | 176,780                    |
| Industrial Relations (IRC)                               | -                    | -                                  | -                                    | 2,708,470              | 2,708,470              | 2,670,351                           | 38,119                     |
| Membership   | 18,201               | -                                  | -                                    | -                      | 18,201                 | 55,753                              | (37,552)                   |
| Office of Commercial Development                         | -                    | -                                  | -                                    | -                      | -                      | 229,131                             | (229,131)                  |
| Operations and Maintenance                               | 553,982              | 5,000,000                          | -                                    | 208,950                | 5,762,932              | 2,126,574                           | 3,636,358                  |
| Social Assistance  | 570,743              | 5,000                              | (81,719)                             | -                      | 494,024                | 494,024                             | -                          |
| Summer Students  | 7,056                | -                                  | -                                    | 61,604                 | 68,660                 | 37,427                              | 31,233                     |
|  | 2,511,163            | 6,092,315                          | (448,610)                            | 10,275,713             | 18,430,581             | 11,858,250                          | 6,572,331                  |

The accompanying notes form part of these financial statements.

**Fort McMurray #468 First Nation**  
**Consolidated Statement of Expenditures by Object - Schedule 3**  
**For the year ended March 31, 2019**

|                                       | 2019              | 2018              |
|---------------------------------------|-------------------|-------------------|
|                                       | \$                | \$                |
| <b>EXPENDITURES</b>                   |                   |                   |
| Administration                        | 86,356            | 57,294            |
| Amortization                          | 857,444           | 911,338           |
| Bad debts                             | 303,938           | 1,520,375         |
| Bank charges and interest             | 42,922            | 27,750            |
| Contracted services                   | 1,540,735         | 1,553,569         |
| Distribution to members               | -                 | 14,724,046        |
| Fire related costs (recovery)         | (1,369)           | (239,774)         |
| Funeral                               | 25,936            | 64,310            |
| Insurance                             | 202,148           | 199,290           |
| Interest on long-term debt            | 46,227            | 35,482            |
| Materials and supplies                | 221,611           | 110,542           |
| Meetings and honorariums              | 228,017           | 473,120           |
| Office expenses                       | 105,492           | 86,419            |
| Professional fees                     | 486,539           | 751,179           |
| Program expenses                      | 1,783,922         | 1,647,991         |
| Rent                                  | 400               | 64,238            |
| Repairs and maintenance               | 464,115           | 387,619           |
| Salaries, wages, and benefits         | 3,039,186         | 3,506,520         |
| Subcontracts                          | 1,540,735         | 1,115,298         |
| Telephone and utilities               | 200,281           | 186,463           |
| Training                              | 133,081           | 247,102           |
| Travel                                | 395,276           | 546,537           |
| Unrealized gain (loss) on investments | -                 | (3,776)           |
| Voting expenses                       | 155,258           | 101               |
| <b>TOTAL EXPENDITURES</b>             | <b>11,858,250</b> | <b>27,973,033</b> |

The accompanying notes form part of these financial statements.

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**NATURE OF OPERATIONS**

Fort McMurray #468 First Nation provides local government, education and social development services to its members and was established under the Indian Act (Canada)

**1. BASIS OF PRESENTATION AND 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.

**(a) 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

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(a) Reporting Entity and Principles of Consolidation - continued**

Business accounted for by the modified equity basis include: - continued

- 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 distribution received.

**(b) 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 comes 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.

**(c) 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.

**(d) 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.

**(e) Cash**

Cash and cash equivalents consist of bank accounts and temporary investments with maturities of three months or less.

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(f) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

**(g) Revenue Recognition**

**i) 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.

**ii) 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.

**iii) 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.

**(h) 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. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

|            | Years |
|------------|-------|
| Automotive | 3-10  |
| Buildings  | 25-50 |
| Computers  | 3-5   |
| Equipment  | 5-20  |

Annual amortization is charged in the year of acquisition and not in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

**(i) Investments**

Investments are recorded at the lower of cost and fair market value.

**(j) 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.

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(k) 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.

**(l) Financial Instruments**

**(i) Measurement of financial instruments**

The Nation initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Nation subsequently measures all of its financial assets and liabilities at amortized cost, except in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted investments, and accounts receivable, Indigenous Services Canada capital and revenue trust funds.

Financial liabilities measured at amortized cost include accounts payable and accruals, deferred contributions, long-term debt, Indigenous Services Canada Native claims loans, and due to members.

**(ii) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would be reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

**(m) 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.



**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(n) 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 3, 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.

**(o) Segments**

The Nation conducts its business through 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.

**2. MEASUREMENT UNCERTAINTY**

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. ECONOMIC DEPENDENCE**

The Fort McMurray #468 First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous Services Canada.

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**4. CASH AND CASH EQUIVALENTS**

Included in cash and cash equivalents is \$ nil (2018 - \$5,000,000) received for a capital project and is restricted for this purpose. This amount is recorded in current revenue as the monies have been spent for the project.

**5. RESTRICTED INVESTMENTS**

As at March 31, 2019, the Nation had an investment in mutual funds with both the carrying value and fair market value equal to \$8,005,838 (2018 - \$8,500,534). This amount is externally restricted for use on trust eligible expenditures.

During the year \$ nil (2018 - \$34,853,071) was received for settlement of the Agricultural Benefits claim. Of this amount \$nil (2018 - \$8,000,000) was transferred to the Community Trust, \$nil (2018 - \$86,370) repaid the agricultural benefit claim loan (Note 13) , \$1,835 (2018 - \$857,524) was paid to cover professional fees and contractor fees, \$60,000 (2018 - \$11,288,578) was paid to eligible members, \$13,442,600 (2018 - \$13,480,000) is invested in the Agricultural Benefit Trust and is to be used by the Nation in the normal course of business. \$3,020,000 (2018 - \$3,080,000) 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.

**6. ACCOUNTS RECEIVABLE**

|  | <b>2019</b>      | <b>2018</b> |
|--|------------------|-------------|
|  | \$               | \$          |
| Indigenous Services Canada               | <b>10,934</b>    | 41,981      |
| First Nation Development Funds           | <b>109,605</b>   | 108,418     |
| Health Canada                            | <b>43,140</b>    | -           |
| Members                                  | <b>34,434</b>    | 9,937       |
| Tax Receivables                          | <b>77,115</b>    | 45,991      |
| Trade Receivables                        | <b>221,979</b>   | 325,691     |
| Industrial Relations - Trade Receivables | <b>2,173,055</b> | 2,031,771   |
| Less: Allowance for Doubtful Accounts    | <b>(963,276)</b> | (659,338)   |
|  | <b>1,706,986</b> | 1,904,451   |

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

**7. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES**

The Nation has investments in the following entities:

|   | <b>2019</b>                              |   |   |                                    |
|---|--|---|---|------------------------------------|
|   | <b>Opening net<br/>investment<br/>\$</b> | <b>Current<br/>contributions<br/>(draws)<br/>\$</b> | <b>Current<br/>earnings<br/>(loss)<br/>\$</b> | <b>Total<br/>investment<br/>\$</b> |
| <b>Investment Held at Cost:</b>             |  |   |   |                                    |
| Athabasca Tribal Council Ltd.               | 1  | -   | -   | 1                                  |
| Mark Amy Centre for Healing Addictions Ltd. | 1  | -   | -   | 1                                  |
| FMFN Distributors Ltd.                      | 1  | -   | -   | 1                                  |
| FMFN Office of Commercial Dev. Ltd.         | 1  | -   | -   | 1                                  |
| FM #468 FN Business Association Ltd.        | 1  | -   | -   | 1                                  |
|   | <b>5</b>                                 | <b>-</b>  | <b>-</b>                                      | <b>5</b>                           |
| <b>Wholly-owned Businesses:</b>             |  |   |   |                                    |
| FMFN Holdings Limited Partnership           | 23,141                                   | -   | (1,033)                                       | 22,108                             |
| Christina River Enterprises (1987) Ltd.     | 182,193                                  | -   | -   | 182,193                            |
| FM Business Trust                           | 20,461,277                               | (1,127,351)   | 1,099,508                                     | 20,433,434                         |
| FM #468 FN Limited Partnership              | -  | 443,417   | (443,417)                                     | -                                  |
|   | <b>20,666,611</b>                        | <b>(683,934)</b>                                    | <b>655,058</b>                                | <b>20,637,735</b>                  |
|   | <b>20,666,616</b>                        | <b>(683,934)</b>                                    | <b>655,058</b>                                | <b>20,637,740</b>                  |

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

**7. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES - continued**

|   | 2018                            |   |                                     |                           |
|---|---------------------------------|---|-------------------------------------|---------------------------|
|   | Opening net<br>investment<br>\$ | Current<br>contributions<br>(draws)<br>\$ | Current<br>earnings<br>(loss)<br>\$ | Total<br>investment<br>\$ |
| <b>Investment Held at Cost:</b>             |                                 |   |                                     |                           |
| Athabasca Tribal Council Ltd.               | 1                               | -   | -                                   | 1                         |
| Mark Amy Centre for Healing Addictions Ltd. | 1                               | -   | -                                   | 1                         |
| FMFN Distributors Ltd.                      | 1                               | -   | -                                   | 1                         |
| FMFN Office of Commercial Dev. Ltd.         | 1                               | -   | -                                   | 1                         |
| FM #468 FN Business Association Ltd.        | 1                               | -   | -                                   | 1                         |
|   | <b>5</b>                        | <b>-</b>                                  | <b>-</b>                            | <b>5</b>                  |
| <b>Wholly-owned Businesses:</b>             |                                 |   |                                     |                           |
| FMFN Holdings Limited Partnership           | 24,174                          | -   | (1,033)                             | 23,141                    |
| Christina River Enterprises (1987) Ltd.     | 182,193                         | -   | -                                   | 182,193                   |
| FM Business Trust                           | 21,017,307                      | 1,011,998                                 | (1,568,028)                         | 20,461,277                |
| FM #468 FN Limited Partnership              | -                               | 766,791                                   | (766,791)                           | -                         |
|   | <b>21,223,674</b>               | <b>1,778,789</b>                          | <b>(2,335,852)</b>                  | <b>20,666,611</b>         |
|   | <b>21,223,679</b>               | <b>1,778,789</b>                          | <b>(2,335,852)</b>                  | <b>20,666,616</b>         |

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

**7. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES - continued**

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

|                          | Christina River<br>Enterprises<br>(1987) Ltd.<br>March 31,<br>2019<br>\$ | FMFN<br>Holdings<br>Ltd. Partnership<br>March 31,<br>2019<br>\$ | FM Business<br>Trust<br>March 31,<br>2019<br>\$ | FM #468 FN<br>Ltd. Partnership<br>March 31,<br>2019<br>\$ |
|--------------------------|--|---|---|---|
| <b>Assets</b>            |  |   |   |   |
| Current Assets           | -  | 29,120  | 8,844,026                                       | -   |
| Long-term Assets         | 190,401  | -   | 13,302,740                                      | -   |
| <b>Total Assets</b>      | <b>190,401</b>   | <b>29,120</b>   | <b>22,146,766</b>                               | <b>-</b>  |
| <b>Liabilities</b>       |  |   |   |   |
| Current Liabilities      | 8,208  | 5,979   | 1,714,360                                       | -   |
| <b>Total Liabilities</b> | <b>8,208</b>   | <b>5,979</b>  | <b>1,714,360</b>                                | <b>-</b>  |
|                          | 182,193  | 23,141  | 20,432,406                                      | -   |
| <b>Total Revenue</b>     | -  | -   | 30,327,690                                      | -   |
| <b>Total Expenses</b>    | -  | 1,033   | 29,228,182                                      | 443,417   |
|                          | -  | (1,033)   | 1,099,508                                       | (443,417)   |

# Fort McMurray #468 First Nation

## Notes to the Consolidated Financial Statements

March 31, 2019

### 8. 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 section 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.

|                            | 2019<br>\$     | 2018<br>\$     |
|----------------------------|----------------|----------------|
| <b>Capital Trust</b>       |                |                |
| Balance, beginning of year | 3,300          | 3,300          |
| Balance, end of year       | 3,300          | 3,300          |
| <b>Revenue Trust</b>       |                |                |
| Balance, beginning of year | 149,618        | 102,633        |
| Interest and land leases   | 12,558         | 46,985         |
| Balance, end of year       | 162,176        | 149,618        |
|                            | <b>165,476</b> | <b>152,918</b> |

### 9. BANK INDEBTEDNESS

As at March 31, 2019, the Nation had a revolving credit facility available with the Royal Bank of Canada to a maximum of \$1,500,000 (2018 - maximum of \$1,500,000), of which \$nil (2018 - 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, 2019, the Nation had a \$500,000 (2018 - \$500,000) non-revolving term facility with the Royal Bank of Canada of which \$nil (2018 - nil) was drawn. The credit facility bears an interest rate of prime plus 2.00%.

Refer to Note 12 for security information on Royal Bank credit facilities.

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**

**March 31, 2019**

**10. ACCOUNTS PAYABLE AND ACCRUALS**

|  | <b>2019</b>      | <b>2018</b> |
|--|------------------|-------------|
|  | <b>\$</b>        | <b>\$</b>   |
| Trade payables and accrued liabilities       | <b>1,470,833</b> | 1,661,860   |
| Indian and Northern Affairs Canada repayment | -                | 42,901      |
| Vacation and wages payable                   | <b>106,771</b>   | 69,559      |
| Source deductions payable                    | <b>3,865</b>     | 36,758      |
|  | <b>1,581,469</b> | 1,811,076   |

**11. DEFERRED REVENUE**

|  | <b>2019</b>    | <b>2018</b> |
|--|----------------|-------------|
|  | <b>\$</b>      | <b>\$</b>   |
| Deferred revenue                           | <b>302,330</b> | 634,424     |
| Indigenous Services Canada                 | <b>81,719</b>  | 5,005,000   |
| Indigenous Services Canada - Health Canada | <b>64,561</b>  | 197,262     |
| First Nation Development Funds             | -              | 78,129      |
| Deferred capital funding                   | -              | 177,500     |
|  | <b>448,610</b> | 6,092,315   |

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

**12. LONG-TERM DEBT**

|   | 2019<br>\$     | 2018<br>\$     |
|---|----------------|----------------|
| Royal Bank of Canada mortgage repayable at \$6,374 per month including interest at 6.02%, due March 2019. | -              | 570,846        |
| CMHC mortgage repayable at \$966 per month including interest at 0.96% due March 2026.                    | 78,507         | 89,299         |
| CMHC mortgage repayable at \$1,065 per month including interest at 1.98% due April 2024.                  | 61,885         | 73,346         |
| CMHC mortgage repayable at \$1,855 per month including interest at 2.02% due June 2018                    | -              | 5,557          |
|   | <b>140,392</b> | <b>739,048</b> |

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:

|                     | \$             |
|---------------------|----------------|
| 2020                | 22,428         |
| 2021                | 22,641         |
| 2022                | 22,857         |
| 2023                | 23,579         |
| 2024 and thereafter | 48,887         |
|                     | <b>140,392</b> |

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 totally \$6,376,000 (2018 - \$6,376,000). These guarantee extends to the operating line of credit disclosed in Note .

**13. INDIGENOUS SERVICES CANADA NATIVE CLAIMS LOANS**

Fort McMurray #468 First Nation is liable to the Government of Canada for \$1,113,957 (2018 - \$971,457) 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 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 \$142,500 (2018 - \$136,000) and repayment of \$nil (2018 - \$86,370) on the Native claim loans were made during the year.



**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**14. TANGIBLE CAPITAL ASSETS**

The tangible capital assets reconciliation is included in Schedule 2.

During the year, purchases of tangible assets of \$5,232,075 (2018 - \$1,794,506) were made. Purchases by program were as follows:

- Operations and maintenance: \$5,000,000 (2018 - \$135,650)
- Buildings: \$179,575 (2018 - \$842,713)
- Band Housing: \$52,500 (2018 - \$816,143)

**15. 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.

**16. 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 (2018 - \$1,965,000). As at March 31, 2019, the subsidiary Partnership had \$nil (2018 - 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 (2018 - 1,965,000) from Fort McMurray First Nation Holdings Limited Partnership.

As at March 31, 2019, no liability (2018 - no liability) has been recorded associated with these guarantees.

**Fort McMurray #468 First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2019**

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**17. FINANCIAL INSTRUMENTS**

**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 \$963,276 (2018 - \$659,338).

**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.

**18. COMPARATIVE FIGURES**

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