

**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.

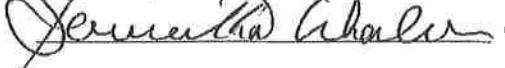
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it 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.





Chief
Councillor

Councillor

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
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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 Organization 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.

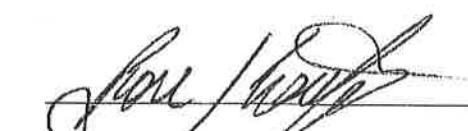
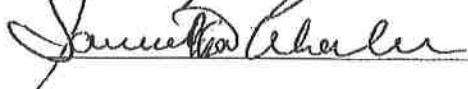
Edmonton, Alberta
September 12, 2019

Doyle & Company
Chartered Professional Accountants

Fort McMurray #468 First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
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
	47,421,270	50,958,099
LIABILITIES		
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
	6,304,428	12,693,896
NET FINANCIAL ASSETS	41,116,842	38,264,203
Contingent liabilities (Note 15)		
Guarantees (Note 16)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 14), (Schedule 2)	16,660,663	12,285,913
ACCUMULATED SURPLUS	57,777,505	50,550,116

Approved by the First Nations:


 Chief

 Councillor


 Councillor

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

	2019 Actual \$	2018 Actual \$
REVENUE		
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)
	18,430,581	45,959,799
EXPENDITURES		
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
	11,858,250	27,973,033
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE (EXPENDITURES)	6,572,331	17,986,766
OTHER REVENUE (EXPENDITURES)		
Gain (loss) from investments in Nation partnerships and businesses (Note 7)	655,058	(2,335,852)
EXCESS OF REVENUE OVER EXPENDITURES	7,227,389	15,650,914
ACCUMULATED SURPLUS, BEGINNING OF YEAR	50,550,116	34,899,202
ACCUMULATED SURPLUS, END OF YEAR	57,777,505	50,550,116

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

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	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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)
CASH FLOWS FROM FINANCING ACTIVITIES		
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)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(2,790,950)	3,336,408
CASH, Beginning of Year	6,253,580	2,917,172
CASH, End of Year	3,462,630	6,253,580
Cash is represented by:		
Cash and cash equivalents	3,462,630	6,253,580
Supplementary cash flow information		
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 software	Computer equipment	2019 \$	2018 \$
COST:								
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
ACCUMULATED AMORTIZATION:								
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
NET BOOK VALUE	8,616,026	7,807,368	206,081	24,370	-	6,818	16,660,663	12,285,913
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 Revenue \$	Prior Deferred Revenue \$	Current Deferred Revenue \$	Other Revenue \$	Total Revenue \$	2019	
						Total Expenditures \$	Surplus (Deficit) \$
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	(66,475)	4,453,927	4,712,394	13,975	4,698,419
Daycare	-	60,916	-	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	-	5,000,000	-	-	-	229,131	(229,131)
Operations and Maintenance	553,982	5,000	(81,719)	208,950	5,762,932	2,126,574	3,636,358
Social Assistance	570,743	5,000	(448,610)	61,604	494,024	494,024	-
Summer Students	7,056	-	-	-	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
	\$	\$
EXPENDITURES		
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
TOTAL EXPENDITURES	11,858,250	27,973,033

The accompanying notes form part of these financial statements.

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

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

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

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

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 have been 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

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

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

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

	2019			
	Opening net investment \$	Current contributions (draws) \$	Current earnings (loss) \$	Total investment \$
Investment Held at Cost:				
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
	5	-	-	5
Wholly-owned Businesses:				
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)	-
	20,666,611	(683,934)	655,058	20,637,735
	20,666,616	(683,934)	655,058	20,637,740

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 investment \$	Current contributions (draws) \$	Current earnings (loss) \$	Total investment \$
Investment Held at Cost:				
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
	5	-	-	5
Wholly-owned Businesses:				
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)	-
	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
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 Enterprises (1987) Ltd.	FMFN Holdings Ltd. Partnership	FM Business Partnership	FM #468 FN Trust Ltd. Partnership
	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
	\$	\$	\$	\$
Assets				
Current Assets	-	29,120	8,844,026	-
Long-term Assets	190,401	-	13,302,740	-
Total Assets	190,401	29,120	22,146,766	-
Liabilities				
Current Liabilities	8,208	5,979	1,714,360	-
Total Liabilities	8,208	5,979	1,714,360	-
	182,193	23,141	20,432,406	-
Total Revenue	-	-	30,327,690	-
Total Expenses	-	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 \$	2018 \$
Capital Trust		
Balance, beginning of year	3,300	3,300
Balance, end of year	3,300	3,300
Revenue Trust		
Balance, beginning of year	149,618	102,633
Interest and land leases	12,558	46,985
Balance, end of year	162,176	149,618
	165,476	152,918

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
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10. ACCOUNTS PAYABLE AND ACCRUALS

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

11. DEFERRED REVENUE

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

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

12. LONG-TERM DEBT

	2019 \$	2018 \$
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
	140,392	739,048

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
	140,392

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
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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

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.