

**Fort McMurray #468 First Nation
Consolidated Financial Statements
March 31, 2020**

Fort McMurray #468 First Nation

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FORT MCMURRAY # 468
FIRST NATION
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Telephone: (780) 334.2293 | Facsimile: (780) 334.2457

March 31, 2020

The accompanying financial statements of the Fort McMurray #468 First Nation ("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.

Original Signed By _____ Chief *Original Signed By* _____ Councillor

Original Signed By _____ 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, 2020, 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, 2020, 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
Jan 18, 2021

Dagle & Company
Chartered Professional Accountants

Fort McMurray #468 First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	3,063,443	3,462,630
Restricted investments (Note 4)	20,365,280	21,448,438
Accounts receivable (Note 5)	3,884,032	1,706,986
Investment in Nation partnerships and business (Note 6)	23,800,647	20,637,740
Indigenous Services Canada capital and revenue trust funds (Note 7)	182,207	165,476
	51,295,609	47,421,270
LIABILITIES		
Accounts payable and accruals (Note 9)	3,243,784	1,620,838
Deferred contributions (Note 10)	4,229,443	656,793
Long-term debt (Note 11)	1,572,413	140,392
Indigenous Services Canada Native claims loans (Note 4), (Note 12)	1,113,957	1,113,957
Due to minor members (Note 4)	2,740,000	3,020,000
	12,899,597	6,551,980
NET FINANCIAL ASSETS	38,396,012	40,869,290
Contingent liabilities (Note 13)		
Guarantees (Note 14)		
Subsequent Event (Note 18)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	20,447,851	16,660,663
Prepaid expenses	20,795	-
	20,468,646	16,660,663
ACCUMULATED SURPLUS	58,864,658	57,529,953

Approved by the First Nations:

Original Signed By _____ Chief *Original Signed By* _____ Councillor

Original Signed By _____ Councillor

Fort McMurray #468 First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2020

	2020 Actual \$	2019 Actual \$
REVENUE		
Agricultural Benefit Trust (Note 4)	128,470	75,078
Indigenous Services Canada (ISC)	7,193,633	2,511,163
Indigenous Services Canada (ISC) - Health	1,314,657	959,174
First Nation Development Funds (FNDF)	409,146	457,029
Athabasca Tribal Council (ATC)	330,397	367,071
Canada Mortgage and Housing Corporation (CMHC)	24,334	30,541
Other government funding	233,700	300,072
Industrial relations	2,533,255	2,669,101
Industry contributions and investment income in the Community Trust	3,451,402	4,453,927
Donations and other revenue	767,686	900,219
Land access fees	15,451	11,574
Revenue funds held in trust (Note 7)	16,731	12,558
Deferred revenue from prior year	656,793	6,092,315
Deferred revenue to next year	(4,229,443)	(656,793)
	12,846,212	18,183,029
EXPENDITURES		
Aboriginal Skills Employment & Training Services (ASETS)	359,065	341,816
Administration and Finance	4,077,929	2,942,866
Agriculture Benefit Trust	49,418	5,797
Band Housing	1,984,055	1,177,513
Chief and Council	762,511	414,417
Community Trust	13,996	13,975
Day Care	255,856	172,659
Economic Development	54,482	157,660
Education and Training	193,549	138,259
First Nation Development Funds (FNDF)	44	-
Health Services	1,100,103	880,028
Industrial Relations (IRC)	2,479,845	2,670,351
Membership	29,474	55,753
Office of Commercial Development	202,072	229,131
Operations and Maintenance	1,485,829	2,126,574
Social Assistance	550,158	494,024
Summer Students	86,887	37,427
	13,685,273	11,858,250
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE	(839,061)	6,324,779
OTHER REVENUE		
Gain from investments in Nation partnerships and businesses (Note 6)	2,173,766	655,058
EXCESS OF REVENUE OVER EXPENDITURES	1,334,705	6,979,837
ACCUMULATED SURPLUS, BEGINNING OF YEAR	57,529,953	50,550,116
ACCUMULATED SURPLUS, END OF YEAR	58,864,658	57,529,953

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, 2020

	2020 \$	2019 \$
EXCESS OF REVENUES OVER EXPENDITURES	1,334,705	6,979,837
Acquisition of tangible capital assets	(4,869,008)	(5,232,075)
Amortization of tangible capital assets	1,081,820	857,325
	(3,787,188)	(4,374,750)
Acquisition of prepaid assets	(20,795)	-
INCREASE IN NET FINANCIAL ASSETS	(2,473,278)	2,605,087
NET FINANCIAL ASSETS, BEGINNING OF YEAR	40,869,290	38,264,203
NET FINANCIAL ASSETS, END OF YEAR	38,396,012	40,869,290

Fort McMurray #468 First Nation
Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	10,669,166	18,588,677
Cash paid to suppliers and employees	(8,620,512)	(15,007,462)
	2,048,654	3,581,215
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets, (Schedule 2)	(4,869,008)	(5,232,075)
Advances from (to) Nation partnerships and businesses (Note 6)	989,146	(683,934)
	(3,879,862)	(5,916,009)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(67,979)	(598,656)
Indigenous Services Canada Native claim loan advance (Note 12)	-	142,500
Long term debt obtained	1,500,000	-
	1,432,021	(456,156)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(399,187)	(2,790,950)
CASH, Beginning of Year	3,462,630	6,253,580
CASH, End of Year	3,063,443	3,462,630
Cash is represented by:		
Cash and cash equivalents	3,063,443	3,462,630
Supplementary cash flow information		
Interest paid	10,123	46,227

Fort McMurray #468 First Nation
Consolidated Statement of Tangible Capital Assets - Schedule 1
For the year ended March 31, 2020

	Buildings	Infrastructure	Automobile	Equipment	Computer software	Computer equipment	2020 \$	2019 \$
COST:								
Balance, Beginning of Year	15,425,565	1,916,769	1,042,929	58,149	104,788	76,232	28,624,432	23,392,357
Acquisition of tangible capital assets	3,509,316	-	194,900	-	-	-	3,704,216	52,500
Construction-in-progress	-	1,164,792	-	-	-	-	1,164,792	5,179,575
Balance, End of Year	18,934,881	13,081,561	1,237,829	58,149	104,788	76,232	33,493,440	28,624,432
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	6,809,539	4,109,401	836,848	33,779	104,788	69,414	11,963,769	11,106,444
Annual amortization	615,433	336,860	120,295	7,872	-	1,360	1,081,820	857,325
Balance, End of Year	7,424,972	4,446,261	957,143	41,651	104,788	70,774	13,045,589	11,963,769
NET BOOK VALUE	11,509,909	8,635,300	280,686	16,498	-	5,458	20,447,851	16,660,663
Net book value 2019	8,616,026	7,807,368	206,081	24,370	-	6,818	16,660,663	

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, 2020

	ISC Revenue \$	Prior Deferred Revenue \$	Current Deferred Revenue \$	Other Revenue \$	Total Revenue \$	Total Expenditures \$	2020 Surplus (Deficit) \$
Aboriginal Skills Employment & Training Services (ASETS)	-	179,483	(272,008)	455,473	362,948	359,065	3,883
Administration and Finance	581,721	56,372	-	732,763	1,370,856	4,077,929	(2,707,073)
Agriculture Benefit Trust	-	-	-	128,470	128,470	49,418	79,052
Band Housing	992,163	-	-	24,334	1,016,497	1,984,055	(967,558)
Chief and Council	-	-	-	-	-	762,511	(762,511)
Community Trust	-	-	-	3,451,401	3,451,401	13,996	3,437,405
Daycare	-	66,475	-	124,530	191,005	255,856	(64,851)
Economic Development	54,482	-	-	-	54,482	54,482	-
Education and Youth	42,472	-	-	36,500	78,972	193,549	(114,577)
First Nation Development Funds	-	-	-	409,146	409,146	44	409,102
Health Services	-	272,744	(465,540)	1,326,357	1,133,561	1,100,103	33,458
Industrial Relations (IRC)	-	-	-	2,533,255	2,533,255	2,479,845	53,410
Membership	7,333	-	-	-	7,333	29,474	(22,141)
Office of Commercial Development	-	-	-	-	-	202,072	(202,072)
Operations and Maintenance	4,963,012	-	(3,414,557)	-	1,548,455	1,485,829	62,626
Social Assistance	545,777	81,719	(77,338)	-	550,158	550,158	-
Summer Students	6,673	-	-	3,000	9,673	86,887	(77,214)
	7,193,633	656,793	(4,229,443)	9,225,229	12,846,212	13,685,273	(839,061)

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, 2020

	2020 \$	2019 \$
EXPENDITURES		
Administration	219,582	607,012
Amortization	1,139,944	857,325
Bad debts	62,733	303,938
Bank charges and interest	87,996	42,922
Contracted services	1,166,917	1,020,080
Fire related costs (recovery)	120,000	(1,369)
Funeral	76,714	25,936
Insurance	215,943	202,148
Interest on long-term debt	10,123	46,227
Materials and supplies	218,758	231,611
Meetings and honorariums	19,331	11,006
Office expenses	137,253	105,667
Professional fees	1,365,436	558,980
Program expenses	1,739,500	1,774,082
Rent	150,173	400
Repairs and maintenance	706,932	465,561
Salaries, wages, and benefits	3,995,228	3,256,197
Subcontracts	1,246,955	1,461,400
Telephone and utilities	286,115	202,678
Training	230,033	133,081
Travel	489,607	398,110
Voting expenses	-	155,258
TOTAL EXPENDITURES	13,685,273	11,858,250

Fort McMurray #468 First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

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, 2020

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.

(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, 2020

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, 2020

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, 2020

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, 2020.

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, 2020

4. RESTRICTED INVESTMENTS

As at March 31, 2020, the Nation had an investment in mutual funds with both the carrying value and fair market value equal to \$7,317,376 (2019 - \$8,005,838). This amount is externally restricted for use on trust eligible expenditures.

\$13,047,904 (2019 - \$13,442,600) is invested in the Agricultural Benefit Trust and is to be used by the Nation in the normal course of business. \$2,740,000 (2019 - \$3,020,000) 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.

5. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Indigenous Services Canada	2,033,311	10,934
Indigenous Services Canada - Health	40,000	43,140
First Nation Development Funds	-	109,605
Members	18,492	34,434
Tax Receivables	140,683	77,115
Trade Receivables	1,165,250	221,979
Industrial Relations - Trade Receivables	1,512,305	2,173,055
Less: Allowance for Doubtful Accounts	(1,026,009)	(963,276)
	3,884,032	1,706,986

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

6. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES

The Nation has investments in the following entities:

	2020			
	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	22,108	-	-	22,108
Christina River Enterprises (1987) Ltd.	182,193	-	-	182,193
FM Business Trust	20,433,434	(556,022)	3,718,929	23,596,341
FM #468 FN Limited Partnership	-	1,545,168	(1,545,168)	-
	20,637,735	989,146	2,173,761	23,800,642
	20,637,740	989,146	2,173,761	23,800,647

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

6. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES - continued

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	20,461,177	(1,127,351)	1,099,508	20,433,434
FM #468 FN Limited Partnership	-	443,417	(443,417)	-
	20,666,511	(683,934)	655,058	20,637,735
	20,666,516	(683,934)	655,058	20,637,740

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
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6. 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 Trust	FM #468 FN Ltd. Partnership
	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
	\$	\$	\$	\$
Assets				
Current Assets	-	29,120	10,622,557	-
Long-term Assets	190,401	-	18,981,846	-
Total Assets	190,401	29,120	29,604,403	-
Liabilities				
Current Liabilities	8,208	5,805	1,360,899	-
Long-term Liabilities	-	-	4,648,355	-
Total Liabilities	8,208	5,805	6,009,254	-
	182,193	23,315	23,595,149	-
Total Revenue	-	-	36,935,788	-
Total Expenses	-	-	33,216,854	1,545,168
	-	-	3,718,934	(1,545,168)

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

7. 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.

	2020	2019
	\$	\$
Capital Trust		
Balance, beginning of year	3,300	3,300
Balance, end of year	3,300	3,300
Revenue Trust		
Balance, beginning of year	162,176	149,618
Interest and land leases	16,731	12,558
Balance, end of year	178,907	162,176
	182,207	165,476

8. BANK INDEBTEDNESS

As at March 31, 2020, the Nation had a revolving credit facility available with the Royal Bank of Canada to a maximum of \$1,500,000 (2019 - maximum of \$1,500,000), of which \$nil (2019 - 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, 2020, the Nation had a \$500,000 (2019 - \$500,000) non-revolving term facility with the Royal Bank of Canada of which \$nil (2019 - nil) was drawn. The credit facility bears an interest rate of prime plus 2.00%.

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

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
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9. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
	\$	\$
Trade payables and accrued liabilities	2,890,014	1,510,202
Vacation and wages payable	254,067	106,771
Source deductions payable	99,703	3,865
	3,243,784	1,620,838

10. DEFERRED REVENUE

	2020	2019
	\$	\$
Deferred revenue	92,124	302,330
Indigenous Services Canada	3,491,895	81,719
Indigenous Services Canada - Health Canada	465,540	272,744
Government of Alberta	179,884	-
	4,229,443	656,793

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

11. LONG-TERM DEBT

	2020 \$	2019 \$
Royal Bank of Canada Term Loan at \$27,881 per month including interest at 4.80%, due January 2025.	1,454,629	-
CMHC mortgage repayable at \$966 per month including interest at 0.96% due March 2026.	67,612	78,507
CMHC mortgage repayable at \$1,065 per month including interest at 1.98% due April 2024.	50,172	61,885
	1,572,413	140,392

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:

	\$
2021	303,329
2022	315,317
2023	327,796
2024	340,784
2025 and thereafter	285,187
	1,572,413

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 (2019 - \$6,376,000).

12. INDIGENOUS SERVICES CANADA NATIVE CLAIMS LOANS

Fort McMurray #468 First Nation is liable to the Government of Canada for \$1,113,957 (2019 - \$1,113,957) 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 \$nil (2019 - \$142,500) and repayment of \$nil (2019 - \$nil) on the Native claim loans were made during the year.

Fort McMurray #468 First Nation

Notes to the Consolidated Financial Statements

March 31, 2020

13. 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.

The Nation has the current on-going lawsuits:

Fort McMurray #468 First Nation - Blockade, Injunction and Claim

This action concerns the Defendants' blockade of properties of the Plaintiffs Fort McMurray No. 468 First Nation and Christina River Enterprises (together, FMFN), resulting in the ongoing interruption of the vital operations of government and essential services for FMFN members and other in neighboring communities.

Unjust Dismissal Complaints

Two complaints for unjust dismissal pursuant to the Canada Labour Code against Fort McMurray No. 468 First Nation Industrial Relations Corporation, who was the employer of both complainants.

Federal Court Action T-436-15

A declaration or recognition of the Paul Cree Bank (Clearwater River Band) as a separate Band from the Fort McMurray No. 468 First Nation and to record the Clearewater Indian Reserve No. 175 as the Reserve or the Paul Cree Band (Clearwater River Band). Her Majesty the Queen in Right of Canada as represented by The Minister of Aboriginal Affairs and Northern Development are also named as defendants in this action.

14. 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 (2019 - \$1,965,000). As at March 31, 2020, the subsidiary Partnership had \$nil (2019 - 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 (2019 - 1,965,000) from Fort McMurray First Nation Holdings Limited Partnership.

As at March 31, 2020, no liability (2019 - no liability) has been recorded associated with these guarantees.

15. RELATED PARTY TRANSACTIONS

The Nation subcontracted work out to a company owned by Councillor Ronald Kreutzer Jr. in the amount of \$154,292 (2019 - \$161,609).

The transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Fort McMurray #468 First Nation

Notes to the Consolidated Financial Statements

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16. 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 \$1,026,749 (2019 - \$963,276).

Interest Rate Risk

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

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

17. COMPARATIVE FIGURES

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

18. SUBSEQUENT EVENT

Subsequent to March 31, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant impact on the Nation's operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding, travel, isolation/quarantine orders, closure of public facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of public facility closures, program and service disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.