

**Fort McMurray #468 First Nation
Consolidated Financial Statements
March 31, 2021**

Fort McMurray #468 First Nation

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FORT MCMURRAY #468
FIRST NATION

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March 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.

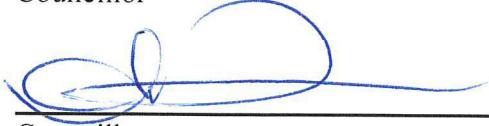
The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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.

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, 2021, 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, 2021, 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.

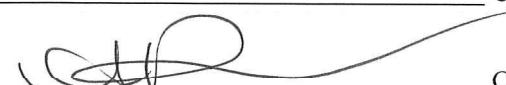
Edmonton, Alberta
March 17, 2022

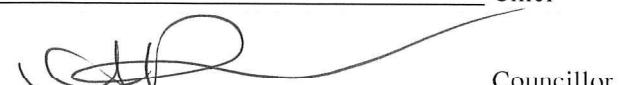
Doyle & Company
Chartered Professional Accountants

Fort McMurray #468 First Nation
Consolidated Statement of Financial Position
As at March 31, 2021

	2021 \$	2020 \$
FINANCIAL ASSETS		
Cash	11,288,231	3,063,443
Restricted investments (Note 4)	24,951,723	20,365,280
Accounts receivable (Note 5)	473,376	3,884,032
Investment in Nation partnerships and business (Note 6)	17,324,855	23,800,647
Indigenous Services Canada capital and revenue trust funds (Note 7)	193,221	182,207
	54,231,406	51,295,609
LIABILITIES		
Accounts payable and accruals (Note 9)	1,925,392	3,243,784
Deferred contributions (Note 10)	10,839,291	4,229,443
Long-term debt (Note 11)	1,390,082	1,572,413
Indigenous Services Canada Native claims loans (Note 4), (Note 12)	1,113,957	1,113,957
Due to minor members (Note 4)	2,760,000	2,740,000
	18,028,722	12,899,597
NET FINANCIAL ASSETS	36,202,684	38,396,012
Contingent liabilities (Note 13)		
Guarantees (Note 14)		
Significant Event (Note 18)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	22,959,031	20,447,851
Prepaid expenses	20,795	20,795
	22,979,826	20,468,646
ACCUMULATED SURPLUS	59,182,510	58,864,658

Approved by the First Nation:


 Chief


 Councillor



 Councillor

Fort McMurray #468 First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	2021 Actual \$	2020 Actual \$
REVENUE		
Agricultural Benefit Trust (Note 4)	1,447,163	128,470
Indigenous Services Canada (ISC)	12,081,024	7,193,633
Indigenous Services Canada (ISC) - Health	2,665,674	1,314,657
First Nation Development Funds (FNDF)	248,122	409,146
Athabasca Tribal Council (ATC)	240,028	330,397
Canada Mortgage and Housing Corporation (CMHC)	24,331	24,334
Other government funding	199,998	233,700
Industrial relations	2,300,009	2,533,255
Industry contributions and investment income in the Community Trust	3,474,148	3,451,402
Other revenue (Note)	2,709,374	767,686
Land access fees	52,000	15,451
Revenue funds held in trust (Note 7)	11,014	16,731
Deferred revenue from prior year	4,229,443	656,793
Deferred revenue to next year	(10,839,291)	(4,229,443)
	18,843,037	12,846,212
EXPENDITURES		
Indigenous Skills Employment & Training Services (ISETS)	173,571	359,065
Administration and Finance	6,819,401	4,077,929
Agriculture Benefit Trust	85,480	49,418
Band Housing	1,673,214	1,984,055
Chief and Council	990,309	762,511
Community Trust	98,432	13,996
Day Care	107,402	255,856
Economic Development	23,835	54,482
Education and Training	79,818	193,549
First Nation Development Funds (FNDF)	82	44
Health Services	1,279,849	1,100,103
Industrial Relations (IRC)	1,757,953	2,479,845
Membership	99,633	29,474
Office of Commercial Development	103,031	202,072
Operations and Maintenance	1,946,536	1,485,829
Social Assistance	542,093	550,158
Summer Students	42,807	86,887
	15,823,446	13,685,273
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER REVENUE	3,019,591	(839,061)
OTHER REVENUE		
(Loss) Gain from investments in Nation partnerships and businesses (Note 6)	(2,701,739)	2,173,766
EXCESS OF REVENUE OVER EXPENDITURES	317,852	1,334,705
ACCUMULATED SURPLUS, BEGINNING OF YEAR	58,864,658	57,529,953
ACCUMULATED SURPLUS, END OF YEAR	59,182,510	58,864,658

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, 2021

	2021 \$	2020 \$
EXCESS OF REVENUES OVER EXPENDITURES	317,852	1,334,705
Acquisition of tangible capital assets	(3,615,234)	(4,869,008)
Amortization of tangible capital assets	1,104,054	1,081,820
	(2,511,180)	(3,787,188)
Acquisition of prepaid assets	-	(20,795)
INCREASE IN NET FINANCIAL ASSETS	(2,193,328)	(2,473,278)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	38,396,012	40,869,290
NET FINANCIAL ASSETS, END OF YEAR	36,202,684	38,396,012

Fort McMurray #468 First Nation
Consolidated Statement of Cash Flows

For the year ended March 31, 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and other income	22,253,693	10,669,166
Cash paid to suppliers and employees	(6,457,287)	(8,620,512)
	15,796,406	2,048,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets, (Schedule 2)	(3,615,234)	(4,869,008)
Advances from (to) Nation partnerships and businesses (Note 6)	(3,774,053)	989,146
	(7,389,287)	(3,879,862)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(182,331)	(67,979)
Long term debt obtained	-	1,500,000
	(182,331)	1,432,021
INCREASE (DECREASE) IN CASH DURING THE YEAR	8,224,788	(399,187)
CASH, Beginning of Year	3,063,443	3,462,630
CASH, End of Year	11,288,231	3,063,443
 Cash is represented by:		
Cash and cash equivalents	11,288,231	3,063,443
 Supplementary cash flow information		
Interest paid	55,664	10,123

Fort McMurray #468 First Nation
Consolidated Statement of Tangible Capital Assets - Schedule 1
For the year ended March 31, 2021

	Buildings	Infrastructure	Automobile	Equipment	Computer software	Computer equipment	2021 \$	2020 \$
COST:								
Balance, Beginning of Year	18,934,881	13,081,561	1,237,829	58,149	104,788	76,232	33,493,440	28,624,432
Acquisition of tangible capital assets	281,806	-	-	235,106	-	-	516,912	3,704,216
Construction-in-progress	-	3,098,322	-	-	-	-	3,098,322	1,164,792
Balance, End of Year	19,216,687	16,179,883	1,237,829	293,255	104,788	76,232	37,108,674	33,493,440
ACCUMULATED AMORTIZATION:								
Balance, Beginning of Year	7,424,972	4,446,261	957,143	41,651	104,788	70,774	13,045,589	11,963,769
Annual amortization	637,070	336,859	84,206	44,573	-	1,346	1,104,054	1,081,820
Balance, End of Year	8,062,042	4,783,120	1,041,349	86,224	104,788	72,120	14,149,643	13,045,589
NET BOOK VALUE	11,154,645	11,396,763	196,480	207,031	-	4,112	22,959,031	20,447,851
Net book value 2020	1,509,909	8,635,300	280,686	16,498	-	5,458	20,447,851	

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, 2021

	ISC Revenue \$	Prior Deferred Revenue \$	Current Deferred Revenue \$	Other Revenue \$	Total Revenue \$	2021	
						Total Expenditures \$	Surplus (Deficit) \$
Indigenous Skills Employment & Training							
Services (ISETS)	-	272,008	(212,619)	195,759	255,148	173,571	81,577
Administration and Finance	679,501	-	-	1,586,810	2,266,311	6,819,401	(4,553,090)
Agriculture Benefit Trust	-	-	-	1,447,163	1,447,163	85,480	1,361,683
Band Housing	472,163	-	-	336,889	809,052	1,673,214	(864,162)
Chief and Council	-	-	-	15,000	15,000	990,309	(975,309)
Community Trust	-	-	-	4,043,882	4,043,882	98,432	3,945,450
Daycare	-	-	-	64,120	64,120	107,402	(43,282)
Economic Development	84,482	-	(60,647)	-	23,835	23,835	-
Education and Youth	129,135	-	(49,317)	-	79,818	79,818	-
First Nation Development Funds	-	-	-	248,122	248,122	82	248,040
Health Services	2,665,675	465,540	(1,850,256)	4,275	1,285,234	1,279,849	5,385
Industrial Relations (IRC)	-	-	-	2,489,006	2,489,006	1,757,953	731,053
Membership	7,228	-	-	-	7,228	99,633	(92,405)
Office of Commercial Development	-	-	-	-	-	103,031	(103,031)
Operations and Maintenance	9,856,155	3,414,557	(8,225,852)	241,754	5,286,614	1,946,536	3,340,078
Social Assistance	848,598	77,339	(440,601)	-	485,336	542,093	(56,757)
Summer Students	3,763	-	-	33,405	37,168	42,807	(5,639)
	14,746,700	4,229,444	(10,839,292)	10,706,185	18,843,037	15,823,446	3,019,591

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, 2021

	2021 \$	2020 \$
EXPENDITURES		
Administration	489,285	219,582
Advertising and promotion	93,776	324,739
Amortization	1,209,639	1,139,944
Bad debts (Note 5)	1,481,757	62,733
Bank charges and interest	17,922	89,046
Contracted services	1,047,581	1,166,917
Fire related costs	-	120,000
Funeral	81,430	76,714
Insurance	276,795	215,943
Interest on long-term debt	55,664	10,123
Materials and supplies	54,619	218,758
Meetings and honorariums	6,211	19,331
Office expenses	136,556	137,253
Professional fees	997,429	1,365,436
Program expenses	4,453,781	2,653,004
Rent	163,758	150,173
Repairs and maintenance	1,075,454	706,932
Salaries, wages, and benefits	3,505,185	4,002,890
Telephone and utilities	405,619	286,115
Training	75,477	230,033
Travel	195,508	489,607
TOTAL EXPENDITURES	15,823,446	13,685,273

Fort McMurray #468 First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

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, 2021

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, 2021

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 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, 2021

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, 2021

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, 2021.

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 Accounting Standards for Public Sector Accounting Board requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

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.

4. RESTRICTED INVESTMENTS

As at March 31, 2021, the Nation had an investment in mutual funds with both the carrying value and fair market value equal to \$10,747,681 (2020 - \$7,317,376). This amount is externally restricted for use on trust eligible expenditures.

The total invested into the Agricultural Benefit Trust is \$14,204,042 (2020 - \$13,047,904) of which \$2,760,000 (2020 - \$2,740,000) is restricted for payments to minors when they meet specific eligibility criteria. The remainder are to be used by the Nation in the normal course of business.

5. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Indigenous Services Canada	62,866	2,033,311
Indigenous Services Canada - Health	-	40,000
Members	31,167	18,492
Tax Receivables	208,261	140,683
Trade Receivables	1,092,568	1,165,250
Industrial Relations - Trade Receivables	945,989	1,512,305
Less: Allowance for Doubtful Accounts	<u>(1,867,475)</u>	<u>(1,026,009)</u>
	473,376	3,884,032

During the year, \$1,481,757 (2020 - \$62,733) was recorded as a bad debt expense. This was a result of errors in the accounts receivable sub-ledger system. Management made the decision to record the bad debt expense to correct these errors.

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

6. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES

The Nation has investments in the following entities:

	2021			
	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	23,596,341	(4,155,391)	(2,320,401)	17,120,549
FM #468 FN Limited Partnership	-	381,338	(381,338)	-
	23,800,642	(3,774,053)	(2,701,739)	17,324,850
	23,800,647	(3,774,053)	(2,701,739)	17,324,855

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
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6. INVESTMENTS IN NATION PARTNERSHIPS AND BUSINESSES - continued

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	23,141	-	(1,033)	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)	-
	20,638,768	989,146	2,172,728	23,800,642
	20,638,773	989,146	2,172,728	23,800,647

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 Partnership	FM #468 FN Trust Ltd. Partnership
	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
	\$	\$	\$	\$
Assets				
Current Assets	-	29,120	9,972,974	-
Long-term Assets	190,401	-	14,244,047	-
Total Assets	190,401	29,120	24,217,021	-
Liabilities				
Current Liabilities	8,208	5,805	4,730,374	-
Long-term Liabilities	-	-	4,033,645	-
Total Liabilities	8,208	5,805	8,764,019	-
	182,193	23,315	15,453,002	-
Total Revenue	-	-	30,767,937	-
Total Expenses	-	-	33,088,338	381,338
	-	-	(2,320,401)	(381,338)

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

	2021	2020
	\$	\$
Capital Trust		
Balance, beginning of year	3,300	3,300
Balance, end of year	3,300	3,300
Revenue Trust		
Balance, beginning of year	178,907	162,176
Interest and land leases	11,014	16,731
Balance, end of year	189,921	178,907
	193,221	182,207

8. BANK INDEBTEDNESS

As at March 31, 2021, the Nation had a revolving credit facility available with the Royal Bank of Canada to a maximum of \$1,500,000 (2020 - maximum of \$1,500,000), of which \$nil (2020 - 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, 2021, the Nation had a \$500,000 (2020 - \$500,000) non-revolving term facility with the Royal Bank of Canada of which \$nil (2020 - 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

	2021	2020
	\$	\$
Trade payables and accrued liabilities	1,578,963	2,890,014
Vacation and wages payable	283,462	254,068
Source deductions payable	62,967	99,702
	1,925,392	3,243,784

10. DEFERRED REVENUE

	2021	2020
	\$	\$
Deferred revenue	68,267	92,124
Indigenous Services Canada	8,776,416	3,491,895
Indigenous Services Canada - Health Canada	1,850,256	465,540
Government of Alberta	144,352	179,884
	10,839,291	4,229,443

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
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11. LONG-TERM DEBT

	2021 \$	2020 \$
Royal Bank of Canada Term Loan at \$27,680 per month plus interest at 4.80%, due January 2025.	1,295,238	1,454,629
CMHC mortgage repayable at \$966 per month including interest at 0.96% due March 2026.	56,610	67,612
CMHC mortgage repayable at \$1,065 per month including interest at 1.98% due April 2024.	38,234	50,172
	1,390,082	1,572,413

Interest paid on long-term debt during the year was \$55,664 (2020 - \$10,123).

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:

	\$
2022	315,317
2023	327,796
2024	340,784
2025	406,185
2026 and thereafter	-
	1,390,082

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 (2020 - \$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 (2020 - \$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.

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

13. OTHER INCOME

	2021	2020
	\$	\$
Daycare fees	18,850	14,300
Industry consultation and donations	1,897,463	888,447
Pembina Covid19 relief funding	15,000	-
Refunds and rebates	55,000	-
Rental income	32,000	36,500
Net unrealized gains (loss) and other investment income	691,061	(171,561)
	2,709,374	767,686

14. CONTINGENT LIABILITIES

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

The current on-going lawsuits against the Nation are as follows:

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 neighbouring communities.

Unjust Dismissal Complaints

Three complaints for unjust dismissal pursuant to the Canada Labour Code. Two are against Fort McMurray No. 468 First Nation and one against Christina River Enterprises GP Inc..

Breach of Contract

This complaint is for damages related to a breach of contract with no justified cause.

15. GUARANTEES

The Nation has signed a guarantee and postponement of claims related to the Royal Bank of Canada credit facilities for Christina River Enterprises Limited Partnership, a subsidiary Partnership, to a maximum of \$1,965,000 (2020 - \$1,965,000). As at March 31, 2021, the subsidiary Partnership had \$nil (2020 - 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 (2020 - 1,965,000) from Fort McMurray First Nation Holdings Limited Partnership.

As at March 31, 2021, no liability (2020 - no liability) has been recorded associated with these guarantees.

Fort McMurray #468 First Nation

Notes to the Consolidated Financial Statements

March 31, 2021

16. RELATED PARTY TRANSACTIONS

The Nation subcontracted work out to a company owned by former Councillor Ronald Kreutzer Jr. in the amount of \$265,038 (2020 - \$154,292).

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.

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 \$555,695 (2020 - \$1,026,749).

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.

Fort McMurray #468 First Nation
Notes to the Consolidated Financial Statements
March 31, 2021

19. SIGNIFICANT EVENT

The COVID-19 outbreak remained 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.