

**Mississaugas of the Credit  
First Nation  
Consolidated Financial Statements**  
*March 31, 2023*

# Mississaugas of the Credit First Nation Contents

*For the year ended March 31, 2023*

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## **Independent Auditor's Report**

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To the Chief and Council and Members of Mississaugas of the Credit First Nation:

### Opinion

We have audited the consolidated financial statements of Mississaugas of the Credit First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, remeasurement gains, changes in net financial assets 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 consolidated financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, its remeasurement gains and losses and its consolidated 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 First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Consolidated 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 First Nation'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 First Nation'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 consolidated 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 First Nation 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Waterloo, Ontario

July 2, 2024

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**MNP**

**Mississaugas of the Credit  
First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2023*

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	21,230,156	25,524,649
Restricted cash (Note 4)	17,042,164	18,847,115
Accounts receivable (Note 5)	6,568,920	2,025,190
Inventory for resale (Note 6)	464,532	243,352
Portfolio investments (Note 3), (Note 7)	19,070,190	16,167,137
Due from First Nation members (Note 8)	5,914,102	4,935,783
Due from Community Trust Land Claim fund (Note 9)	3,615,879	3,565,417
Investment in government business enterprises (Note 10)	4,319,030	2,703,876
Ottawa trust fund (Note 11)	351,072	329,175
Loans receivable (Note 12)	3,373,900	7,223,900
<b>Total of financial assets</b>	<b>81,949,945</b>	<b>81,565,594</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (Note 13)	5,502,825	4,157,638
Deferred revenue (Note 14)	15,482,767	16,178,396
Toronto Purchase Trust funds payable (Note 15)	2,369,238	4,274,076
Long-term debt (Note 16)	453,067	720,130
<b>Total of financial liabilities</b>	<b>23,807,897</b>	<b>25,330,240</b>
<b>Net financial assets</b>	<b>58,142,048</b>	<b>56,235,354</b>
<b>Contingencies (Note 17)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 18) (Schedule 1)	37,658,531	26,504,333
Prepaid expenses	170,318	39,182
<b>Total non-financial assets</b>	<b>37,828,849</b>	<b>26,543,515</b>
<b>Accumulated surplus</b>	<b>95,970,897</b>	<b>82,778,869</b>
<b>Accumulated surplus is comprised of:</b>		
Accumulated operating surplus (Note 19)	93,552,375	82,778,869
Accumulated remeasurement gains	2,418,522	-
	<b>95,970,897</b>	<b>82,778,869</b>

Approved on behalf of the First Nation



Chief



Councillor

**Mississaugas of the Credit  
First Nation**

**Consolidated Statement of Operations and Accumulated Surplus**  
For the year ended March 31, 2023

	2023 <i>Budget</i> (Note 21)	2023	2022
<b>Revenue</b>			
Indigenous Services Canada (Note 25)	8,441,157	19,979,621	17,682,106
Health Canada (Note 25)	1,367,642	1,350,867	1,568,531
Canada Mortgage and Housing Corporation (Note 25)	37,997	30,550	37,695
Canada Mortgage and Housing Corporation - Rapid Housing Initiative (Note 25)	-	-	6,600,000
Aboriginal Labour Force Development Circle	-	432,914	368,079
Ministry of Children, Community and Social Service (Note 25)	1,286,850	1,038,194	1,326,066
Ministry of Education (Note 25)	1,129,835	946,683	952,829
Ministry of Health and Long-term Care (Note 25)	1,696,081	549,426	405,888
Ministry of Transportation	72,900	72,900	72,900
Ontario First Nation Limited Partnership revenue	-	1,135,325	801,645
Federal Economic Development Agency	-	703,820	-
Toronto Purchase Trust revenue	-	9,919,110	16,192,109
Community Trust Land Claim Fund revenue	553,000	319,890	214,790
Sales from business enterprises	-	17,921,204	13,453,434
Income from portfolio investments	352,300	910,012	488,502
Increase (decrease) in investment in government business enterprises (Note 10)	-	615,154	(610,753)
Other income	8,800,219	9,218,442	8,408,784
Repayment of funding	-	(88,452)	(224,249)
Deferred revenue - prior year	-	16,178,396	6,188,826
Deferred revenue - current year	-	(15,482,767)	(16,178,396)
	<b>23,737,981</b>	<b>65,751,289</b>	<b>57,748,786</b>
<b>Program expenses (Schedule 2)</b>			
Council and administration	5,853,255	4,785,403	3,631,333
Public works and housing	4,054,414	3,332,936	2,398,706
Economic development	880,100	420,418	425,884
Health and social services	3,360,899	3,612,539	3,384,078
Education	11,677,286	8,246,485	7,726,283
Land, membership and research	571,546	304,135	293,301
Childcare	2,750,305	2,575,403	1,832,613
Employment and training	-	589,516	545,850
Consultation and accommodation	3,202,000	2,686,146	2,541,458
Business enterprises	-	17,042,157	12,818,937
Amortization of tangible capital assets	-	1,823,929	1,630,490
Community funds	-	9,558,716	6,925,663
	<b>32,349,805</b>	<b>54,977,783</b>	<b>44,154,596</b>
<b>Surplus</b>	<b>(8,611,824)</b>	<b>10,773,506</b>	<b>13,594,190</b>
<b>Accumulated surplus, beginning of year</b>	<b>82,778,869</b>	<b>82,778,869</b>	<b>69,184,679</b>
<b>Accumulated surplus, end of year</b>	<b>74,167,045</b>	<b>93,552,375</b>	<b>82,778,869</b>

The accompanying notes are an integral part of these financial statements

**Mississaugas of the Credit  
First Nation**  
**Consolidated Statement of Remeasurement Gains**  
*For the year ended March 31, 2023*

	<b>2023</b>	<b>2022</b>
<b>Accumulated remeasurement gains, beginning of year</b>	-	-
Remeasurement gain on change in accounting policy - portfolio investments <i>(Note 3)</i>	<b>3,022,385</b>	-
Remeasurement loss - portfolio investments	<b>(603,863)</b>	-
<b>Change in remeasurement gains and balance, end of year</b>	<b>2,418,522</b>	-

**Mississaugas of the Credit  
First Nation**

**Consolidated Statement of Change in Net Financial Assets**  
For the year ended March 31, 2023

	<i>2023 Budget (Note 21)</i>	<i>2023</i>	<i>2022</i>
<b>Annual surplus</b>	<b>(10,775,195)</b>	<b>10,773,506</b>	13,594,190
Cash purchases of tangible capital assets	-	<b>(11,808,052)</b>	(2,586,727)
Amortization of tangible capital assets	-	<b>1,823,929</b>	1,630,490
Change in prepaid expenditures	-	<b>(131,136)</b>	52,783
Non-cash purchase of tangible capital assets	-	<b>(1,170,075)</b>	-
Change in remeasurement gains, for the year	-	<b>2,418,522</b>	-
<b>Increase in net financial assets</b>	<b>(10,775,195)</b>	<b>1,906,694</b>	12,690,736
<b>Net financial assets, beginning of year</b>	<b>56,235,354</b>	<b>56,235,354</b>	43,544,618
<b>Net financial assets, end of year</b>	<b>45,460,159</b>	<b>58,142,048</b>	56,235,354

The accompanying notes are an integral part of these financial statements

**Mississaugas of the Credit  
First Nation**  
**Consolidated Statement of Changes in Cash Flows**  
*For the year ended March 31, 2023*

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	10,773,506	13,594,190
Non-cash items		
Amortization	1,823,929	1,630,490
Net (increase) decrease in investment in government business enterprises	(615,154)	610,753
	11,982,281	15,835,433
Changes in working capital accounts		
Accounts receivable	(4,543,730)	(765,909)
Prepaid expenditures	(131,136)	52,783
Inventory held for resale	(221,180)	291,509
Due from Community Trust Land Claim Fund	(50,462)	(17,850)
Accounts payable and accrued liabilities	175,112	1,633,046
Deferred revenue	(695,629)	9,989,570
Toronto Purchase Trust funds payable	(1,904,838)	(3,045,712)
	4,610,418	23,972,870
<b>Financing activities</b>		
Repayment of long-term debt	(267,063)	(55,319)
<b>Capital activities</b>		
Cash purchases of tangible capital assets	(11,808,052)	(2,586,727)
<b>Investing activities</b>		
Change in portfolio investments (net)	(484,531)	(1,032,733)
Advances of loans receivable	-	(6,600,000)
Repayments of loans receivable	3,850,000	100
Advances to First Nations members, net of repayments	(978,319)	(445,598)
Increase in restricted cash - Social Housing reserves	(69,687)	(2,059)
Decrease (increase) in restricted cash - Toronto Purchase Trust funds	1,874,638	(5,595,728)
Increase in Ottawa trust fund	(21,897)	(5,120)
Equity contribution to government business enterprise	(1,000,000)	(500,000)
Investment in government business enterprise	-	(100)
	3,170,204	(14,181,238)
<b>(Decrease) increase in cash and cash equivalents</b>	(4,294,493)	7,149,586
<b>Cash and cash equivalents, beginning of year</b>	25,524,649	18,375,063
<b>Cash and cash equivalents, end of year</b>	21,230,156	25,524,649

The accompanying notes are an integral part of these financial statements

**Mississaugas of the Credit  
First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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**1. Operations**

The Mississaugas of the Credit First Nation (the "First Nation") is located in the province of Ontario, and provides various services to its members. Mississaugas of the Credit First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the First Nation.

**2. Significant accounting policies**

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

***Reporting entity***

The financial statements consolidate the financial activities of the First Nation government and all related entities, except for First Nation business entities. Trusts administered on behalf of third parties by Mississaugas of the Credit First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenditures of the New Credit Variety and Gas Bar which is controlled by the First Nation.

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.

Mississaugas of the Credit First Nation business entities, owned or controlled by the First Nation's Council but not dependent on the First Nation for their continuing operations, are included in the 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's accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. 8392692 Canada Inc., Mississaugas of the Credit Business Corporation ("MCBC"), Mississaugas of the Credit Business LP ("MCB-LP") and Mississaugas of the Credit - Nanticoke Solar LP Corporation ("Nanticoke Corporation") are accounted for using the modified equity method.

***Basis of presentation***

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

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

***Inventory***

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- The First Nation has committed to sell the asset prior to March 31, 2024;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

**Mississaugas of the Credit  
First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

**Portfolio investments**

Portfolio investments in entities that are not controlled or influenced by the First Nation reporting entity 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. Portfolio investments with prices quoted in an active market include equities, and mutual funds. Changes in fair value are recorded in the statement of remeasurement gains.

**Loans receivable**

Loans are initially recorded at fair value and subsequently measured at their amortized cost less impairment. Amortized cost is calculated as the loans' principal amount plus unamortized loan administration fees, less any allowance for anticipated losses, plus accrued interest. Interest revenue is recorded on the accrual basis using the effective interest method. Loan administration fees are amortized over the term of the loan using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the carrying amount of the financial asset.

**Net financial assets**

The First 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 First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

**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 ordinary course of operations. The change in non-financial assets during the year, together with surplus, provides the change in net financial assets.

**Tangible capital assets**

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

**Amortization**

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b>Method</b>	<b>Rate</b>
Buildings	straight-line	25 to 40 years
Income producing properties	straight-line	40 years
Income producing properties - CMHC	straight-line	25 years
Infrastructure	straight-line	25 years
Equipment and furniture	straight-line	5 to 10 years
Vehicles	straight-line	10 years
Land Improvement	straight-line	15 years

**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.

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

***Long-lived assets*** *(Continued from previous page)*

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using quoted market prices. Any impairment is included in surplus for the year.

***Funds held in Ottawa Trust Fund***

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated operating surplus. Trust moneys consist of:

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

***Revenue recognition***

***Government Transfers***

The First 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

***Externally restricted revenue***

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

***Funds held in Ottawa Trust Fund***

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

***Other income***

Other income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

***Retirement benefits***

The First Nation has a defined contribution pension plan covering substantially all full-time employees. There are no prior service costs. Plan members are required to contribute 3.05% of their salary up to a maximum of 8% of their base salary. The First Nation matches the amounts contributed by members which are directed to the member's contribution account. Pension costs are charged to operations as contributions are due.

***Use of estimates***

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

**Mississaugas of the Credit  
First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

***Use of estimates*** *(Continued from previous page)*

Accounts receivable, loans receivable and amounts due from First Nation members are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets. Accrued liabilities are based on the expectation of amounts payable for goods and services for which invoices were not received prior to year end. Repayment of funding is estimated based on calculated surpluses.

***Segments***

The First Nation conducts its business through eleven reportable segments: Council and administration; Public works and housing; Economic development; Health and social services; Education; Land, membership and research; Childcare; Employment and training; Consultation and accommodation; Community funds and Business enterprises. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenditures 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 financial statements

***Asset retirement obligation***

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the First Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. The First Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The First 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.

***Financial instruments***

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

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has not made such an election during the year. Fair value is determined by reference to recent arm's length transactions.

**Mississaugas of the Credit  
First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2023*

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

**Financial instruments** *(Continued from previous page)*

The First Nation subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the consolidated statement of remeasurement gains. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

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

All financial instruments reported on the consolidated statement of financial position as at March 31, 2023 are measured as follows:

<b>Financial assets</b>	<b>Measurement Basis</b>
Cash and cash equivalents	Cost/amortized cost
Restricted cash	Cost/amortized cost
Accounts receivable	Cost/amortized cost
<i>Portfolio investments</i>	
Equities	Fair value
Mutual funds	Fair value
Due from First Nation members	Cost/amortized cost
Due from Community Trust Land Claim fund	Cost/amortized cost
Ottawa trust fund	Cost/amortized cost
Loans receivable	Cost/amortized cost
<b>Financial liabilities</b>	<b>Measurement Basis</b>
Accounts payable and accrued liabilities	Cost/amortized cost
Toronto Purchase Trust funds payable	Cost/amortized cost
Long-term debt	Cost/amortized cost

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

Financial instruments that are subsequently measured at fair value are classified based on the observability of inputs as follows:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

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**3. Change in accounting policies**

The First Nation has adopted the following standards and recommendations issued by the Public Sector Accounting Board (PSAB):

***Asset retirement obligations***

Effective April 1, 2022, the First Nation adopted the PSAB new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations, as the asset retirement obligations of the First Nation were assessed as immaterial.

***Financial instruments***

Effective April 1, 2022, the First Nation adopted the PSAB new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. The new Section is applied prospectively, and prior periods have not been restated.

The prospective application of the new accounting recommendations resulted in a remeasurement gain on change in accounting policy on April 1, 2022 of \$3,022,385, and a remeasurement loss at the reporting date on March 31, 2023 of \$603,863. The net remeasurement gain has been recognized on the consolidated statement of remeasurement gains.

***Financial statement presentation***

Effective April 1, 2022, the First Nation adopted Section PS 1201 Financial Statement Presentation, which replaces PS 1200 *Financial Statement Presentation*. PS 1201 is generally equivalent to PS 1200 except that the First Nation is now required to present a Statement of Remeasurement Gains and Losses showing separately: unrealized gains (losses) attributable to financial instruments in the fair value category; exchange gains (losses) associated with monetary assets and liabilities denominated in a foreign currency that have not been settled; amounts reclassified to the statement of operations upon derecognition or settlement; and, other comprehensive income from government business enterprises and partnerships. Upon adoption of this Section, the First Nation reports on its financial condition by presenting its accumulated operating surplus and net debt which includes accumulated remeasurement gains (losses).

***Portfolio investments***

Effective April 1, 2022, the First Nation adopted Section PS 3041 - Portfolio Investments, applicable in the period in which Section PS 1201 Financial Statement Presentation and Section PS 3450 Financial Instruments are adopted. This Section establishes standards on how to account for and report portfolio investments in government financial statements. The impact of the adoption of this section is included within financial instruments in change in accounting policies above.

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**4. Restricted cash**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation must set aside funds annually for the repair, maintenance and replacement of assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue in the statement of operations and allocated to the New Housing and Sanitation Reserve fund in the First Nation's accumulated surplus.

Under the terms of the Toronto Purchase Trust agreement, the First Nation shall use the funds retained in the bank account to fund the Community Wellness Policy and Estate Policy. All remaining funds are to be spent by Council on researching, negotiating further land claims, education, health, housing, culture, and economic and community development.

	2023	2022
Social housing reserves - externally restricted	330,727	261,040
Toronto Purchase Trust funds - internally restricted	<u>16,711,437</u>	<u>18,586,075</u>
	<b>17,042,164</b>	<b>18,847,115</b>

**5. Accounts receivable**

	2023	2022
<b>Federal Government</b>		
Indigenous Services Canada	4,332,301	1,004,106
<b>Province of Ontario</b>		
Ministry of Citizenship and Multiculturalism	12,166	12,166
Ministry of Children, Community, and Social Service	12,945	1,684
Ministry of Education	11,753	13,803
	<u>36,864</u>	<u>27,653</u>
<b>Other</b>		
Other receivables	1,975,598	1,258,681
Mississaugas of the Credit Community Trust	248,490	-
Metrolinx	240,917	-
	<u>2,465,005</u>	<u>1,258,681</u>
Gross accounts receivable	6,834,170	2,290,440
Less: Allowance for doubtful accounts on other receivables	<u>(265,250)</u>	<u>(265,250)</u>
	<b>6,568,920</b>	<b>2,025,190</b>

**6. Inventory for resale**

	2023	2022
Gas	82,958	79,045
Tobacco	370,787	157,474
General	10,787	6,833
	<u>464,532</u>	<u>243,352</u>

**Mississaugas of the Credit  
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**6. Inventory for resale** *(Continued from previous page)*

The cost of inventories recognized as an expenditure for the year ending March 31, 2023 and included in business enterprises on the consolidated statement of operations amounted to \$16,408,171 (2022 - \$12,269,786).

**7. Portfolio investments**

	2023		2022	
	Cost	Market	Cost	Market
Equities	8,245,918	11,262,976	861,294	997,645
Mutual funds	8,405,750	7,807,214	15,305,843	18,011,704
	<b>16,651,668</b>	<b>19,070,190</b>	16,167,137	19,009,349

**8. Due from First Nation Members**

	2023	2022
New homes	5,044,104	4,258,622
Renovation	869,998	677,161
	<b>5,914,102</b>	4,935,783

New home allotments are 75-100% repayable by the borrower. During the year, new home allotments of \$2,100,000 (2022 - \$800,000) were provided of which \$2,100,000 (2022 - \$800,000) are repayable. The outstanding loans are secured by a Transfer of Lands to Council provision which remains in effect until all terms and conditions have been met. The repayable portion of these allotments bears interest at rates from 3-6% per annum.

Renovation allotments for existing homes are 25-100% repayable by the borrower. During the year renovation allotments of \$386,000 (2022 - \$156,000) were provided of which \$386,000 (2022 - \$156,000) are repayable. The loans bear interest at rates ranging from 3-6% per annum. Any allotment exceeding \$10,000 is secured by a Transfer of Lands to Council provision until the terms and conditions attached to the loan have been met.

**9. Due from Community Trust Land Claim fund**

The Community Trust Land Claim fund represents funds receivable from the Mississaugas of the New Credit First Nation Community Trust (the "Trust"). The Trust is governed by their own Board of Trustees who are responsible for administering the Trust's assets in accordance with the Trust agreement. The agreement states that land claim proceeds received in 1997 are to be held for the long-term benefit of the members of the First Nation. The Trust is not controlled by the First Nation and as such, the operations of the Trust have not been included in the First Nation's consolidated financial statements.

Under the terms of the Trust's agreement with the First Nation, the net annual income of the Trust will be allocated to the First Nation on or before December 31 of each year. The amount due from the Trust at year end is non-interest bearing, unsecured and is to be paid to the First Nation upon project approval from the Board of Trustees.

**Mississaugas of the Credit  
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**10. Investment in government business enterprises**

The First Nation owns 100% of 8392692 Canada Inc., 100% of Nanticoke Corporation, 100% of MCBC and 99.99% of MCB-LP which are established for the purposes of investing in and/or operating various on-reserve and off-reserve business ventures.

Summary financial information for the investments accounted for using the modified equity method, for the year ended March 31, 2023 is as follows:

The First Nation has investments in the following entities:

					<i>2023</i>
	<i>Investment cost, beginning of year</i>	<i>Subscription of shares</i>	<i>Share of surplus (deficit)</i>	<i>Equity contribution</i>	<i>Total investment</i>
8392692 Canada Inc.	<b>713,629</b>	-	<b>113,526</b>	-	<b>827,155</b>
Mississaugas of the Credit Business LP	<b>500,100</b>	-	<b>6,941</b>	<b>1,000,000</b>	<b>1,507,041</b>
Mississaugas of the Credit Business Corporation	<b>25,490</b>	-	<b>(8,289)</b>	-	<b>17,201</b>
Nanticoke Corporation	<b>1,464,657</b>	-	<b>502,976</b>	-	<b>1,967,633</b>
	<b>2,703,876</b>	-	<b>615,154</b>	<b>1,000,000</b>	<b>4,319,030</b>

					<i>2022</i>
	<i>Investment cost, beginning of year</i>	<i>Subscription of shares</i>	<i>Share of deficit</i>	<i>Equity contribution</i>	<i>Total investment</i>
8392692 Canada Inc.	790,897	-	(77,268)	-	713,629
Mississaugas of the Credit Business LP	-	100	-	500,000	500,100
Mississaugas of the Credit Business Corporation	558,975	-	(533,485)	-	25,490
Nanticoke Corporation	1,464,657	-	-	-	1,464,657
	2,814,529	100	(610,753)	500,000	2,703,876

**Mississaugas of the Credit  
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**10. Investment in government business enterprises** *(Continued from previous page)*

	<i>8392692 Canada Inc. March 31 2023</i>	<i>MCB-LP December 31 2022</i>	<i>MCBC December 31 2022</i>	<i>Nanticoke Corporation March 31 2023</i>
<b>Assets</b>				
Cash	287,579	-	6,686,785	336,134
Accounts receivable	389,576	1,077,756	-	-
Investments	150,000	-	-	1,631,499
Due from MCBC	-	6,116,185	-	-
<b>Total assets</b>	<b>827,155</b>	<b>7,193,941</b>	<b>6,686,785</b>	<b>1,967,633</b>
Accounts payable and accruals	-	1,281,085	3,499	-
Loan payable to MCB-LP	-	-	6,116,185	-
Loan payable to First Nation	-	4,400,000	549,900	-
Lease liability	-	5,815	-	-
<b>Total liabilities</b>	<b>-</b>	<b>5,686,900</b>	<b>6,669,584</b>	<b>-</b>
<b>Accumulated surplus</b>	<b>827,155</b>	<b>1,507,041</b>	<b>17,201</b>	<b>1,967,633</b>
<b>Total revenue</b>	<b>153,322</b>	<b>752,148</b>	<b>339,312</b>	<b>669,862</b>
<b>Total expenses</b>	<b>39,796</b>	<b>745,207</b>	<b>347,601</b>	<b>166,886</b>
<b>Annual surplus (deficit)</b>	<b>113,526</b>	<b>6,941</b>	<b>(8,289)</b>	<b>502,976</b>

The loan payable to the First Nation is non-interest bearing, unsecured, and has no set terms of repayment.

MCBC and MCB-LP have a fiscal year end of December 31. There have not been any significant transactions between December 31, 2022 and March 31, 2023.

**11. Ottawa trust fund**

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Chief and Council as follows:

	<i>2023</i>	<i>2022</i>
<b>Capital Trust</b>		
Balance, beginning and end of year	30,473	30,473
<b>Revenue Trust</b>		
Balance, beginning of year	298,702	293,582
Interest	21,897	5,120
Balance, end of year	320,599	298,702
	<b>351,072</b>	<b>329,175</b>

**Mississaugas of the Credit  
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**12. Loans receivable**

	2023	2022
SN Technologies Corp. loan receivable, unsecured, bearing interest at 10% per annum, repayable from either the proceeds of the next purchase by a New York State School District or any new purchase or from the proceeds of a capital raise or sale of equity in SN Tech.	74,000	74,000
Mississaugas of the Credit Business Corporation loan receivable, non-interest bearing, unsecured and no set terms of repayment.	3,299,900	7,149,900
	<b>3,373,900</b>	<b>7,223,900</b>

**13. Accounts payable and accrued liabilities**

	2023	2022
Trade accounts payable	4,961,803	3,701,465
Accrued salaries and benefits payable	461,727	344,925
Other payable	79,295	111,248
	<b>5,502,825</b>	<b>4,157,638</b>

**14. Deferred revenue**

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Contributions recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada	7,735,442	19,979,621	16,687,098	11,027,965
Health Canada	644,288	1,350,867	1,470,786	524,369
Canada Mortgage and Housing Corporation - Rapid Housing Initiative	6,600,000	-	3,850,000	2,750,000
Community Trust Land Claim Fund	602,356	319,890	382,726	539,520
Province of Ontario - Other	27,995	-	27,995	-
Other	568,315	640,913	568,315	640,913
	<b>16,178,396</b>	<b>22,291,291</b>	<b>22,986,920</b>	<b>15,482,767</b>

**Mississaugas of the Credit  
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**15. Toronto Purchase Trust funds payable**

On February 22, 2010, Her Majesty the Queen in Right of Canada ("Canada") signed the Mississaugas of the New Credit First Nation Toronto Purchase Specific Claim and Brant Tract Specific Claim Settlement Agreement ("Settlement Agreement") with the First Nation. Under the terms of the Settlement Agreement, Canada agreed to pay compensation to the First Nation for breaching the terms of the Toronto Purchase Claim in 1805 and for lack of compensation received related to the Brant Tract claim in 1797. As compensation for this settlement, Canada paid \$144,386,724 into a Trust Account governed by the Mississaugas of the New Credit First Nation Trust Agreement ("Trust Agreement"). The First Nation members gave assent and ratification of the terms of the Settlement Agreement and the Trust Agreement on May 29, 2010 and June 7, 2010 respectively.

The Settlement Agreement required the First Nation to establish the Mississaugas of the New Credit First Nation Toronto Purchase Trust ("the Trust") to hold the compensation and any income therefrom for the benefit of the current and future generation of members of the First Nation. The Trust is a separate legal entity and as such, the operations of the Trust have not been included in these consolidated financial statements. Under the terms of the Trust Agreement, the net annual income of the Trust will be allocated to the First Nation on or before December 31 of each year and paid within sixty days of December 31. The Trust amended its name to Mississaugas of the Credit First Nation Toronto Purchase Trust on October 28, 2019.

During the year ended March 31, 2023, \$9,132,979 (2022 - \$15,346,189) was transferred to the First Nation from the Trust in order to fund the community wellness and estate policy expenditures and per capita distributions to members turning 18. The First Nation also earned \$786,131 (2022 - \$845,920) of interest and investment income related to investments made by the Trust.

i) The outstanding balance represents wellness policy payments owing to members as at March 31, 2023 and 2022. During the year ended March 31, 2023 members were eligible to claim up to \$4,000 of wellness claims per member. The balance payable at year end represents members who have not yet claimed their wellness policy payment for the fiscal year. Members have 30 days after the end of the policy (fiscal) year to make a claim, after which time it is forfeited. During the year ended March 31, 2023, a total of \$8,941,000 (2022 - \$5,905,668) was charged to the consolidated statement of operations (see Schedule 15), which is comprised of the total eligible disbursements incurred during the year ended March 31, 2023, adjusted for the prior year forfeitures of unclaimed amounts.

ii) The outstanding balance represents per capita distributions owing to members turning 18 years old in the 2023 calendar year. Payable balance at year end represents members who have not turned 18 years old as of March 31 of each year or have not yet collected their distribution.

iii) Balance represents unclaimed per capita distributions from the initial settlement of the trust of \$20,000 per member for a total of 48 members.

The Trust funds payable at year end are as follows:

	2023	2022
Wellness policy payments (i)	688,400	2,329,000
Amounts owing to members turning 18 years old (ii)	720,838	985,076
Initial payment upon agreement finalization (iii)	960,000	960,000
	<b>2,369,238</b>	<b>4,274,076</b>

**Mississaugas of the Credit  
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**16. Long-term debt**

	<i>2023</i>	<i>2022</i>
CMHC loan repaid during the year ended March 31, 2023.	-	232,515
CMHC loan payable, guaranteed by Indigenous Services Canada, to be repaid over 20 years with interest at 1.13% and monthly blended payments of \$3,319, a renewal date of June 1, 2026, due 2035.	<b>453,067</b>	487,615
	<b>453,067</b>	720,130

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:

2024	33,039
2025	33,414
2026	33,794
2027	34,178
2028	34,566

Interest on long-term debt amounted to \$7,026 (2022 - \$8,740).

**17. Contingencies**

The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

**18. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

**Mississaugas of the Credit  
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**19. Accumulated operating surplus**

Accumulated operating surplus consists of the following:

	2023	2022
<b>Internally restricted</b>		
Reserve funds (Note 20)	10,040,584	8,671,931
Toronto Purchase Trust fund	27,830,975	18,849,450
Tom Howe Landfill Site Trust	885,073	885,073
	<b>38,756,632</b>	<b>28,406,454</b>
<b>Externally restricted</b>		
Community Trust Land Claim fund	3,615,879	3,367,389
Gaming Revenue - Sharing Fund	6,991,781	4,699,236
Ottawa trust fund	351,072	329,175
Social housing reserve	520,079	291,925
Indigenous Services Canada block funding reserve	-	2,719,173
	<b>11,478,811</b>	<b>11,406,898</b>
<b>Unrestricted surplus</b>		
Unappropriated operating surplus	2,962,513	14,477,438
Invested in tangible capital assets	36,035,389	25,784,203
Invested in government business enterprises	4,319,030	2,703,876
	<b>43,316,932</b>	<b>42,965,517</b>
	<b>93,552,375</b>	<b>82,778,869</b>

The amounts invested in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

The Community Trust Land Claim Fund represents unexpended funds from the Mississaugas of the New Credit First Nation Community Trust (the "Trust"). The Trust is governed by their own Board of Trustees who are responsible for administering the Trust's assets in accordance with the Trust agreement. The agreement states that land claim proceeds received in 1997 are to be held for the long-term benefit of the members of the First Nation.

The Tom Howe Landfill Site Trust represents funds received from the Municipality of Haldimand and are to be used for the benefit of the First Nation as determined by Chief and Council.

The Ottawa trust fund represents trust funds held in Ottawa trust accounts derived from capital or revenue sources.

**Mississaugas of the Credit  
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**20. Reserve funds**

	2023	2022
Community buildings reserve	21,544	21,544
Replacement of road equipment reserve	95,617	95,617
New housing and sanitation reserve	5,914,102	4,687,714
Water and sewer reserve	142,886	192,659
Hydro One Networks Inc. reserve	163,169	163,169
Consultation and accommodation reserve	3,432,256	3,432,256
Other department reserves	271,010	78,972
	<b>10,040,584</b>	<b>8,671,931</b>

Reserve funds are set aside by chief and council resolution for specific purposes.

**21. Budget information**

The disclosed budget information has been approved by the Chief and Council of the Mississaugas of the Credit First Nation at the meeting held on December 7, 2022.

**22. Economic dependence**

Mississaugas of the Credit First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") as a result of Treaties entered into with the Government of Canada. These treaties are administered by Indigenous Services Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

**23. Ontario First Nations Limited Partnership**

Commencing with the 2012 fiscal year and in each fiscal year thereafter during the initial and renewal terms of the agreement between the Province of Ontario and Ontario First Nations Limited Partnership ("OFNLP"), the Province of Ontario shall pay to OFNLP 12 monthly payments equal to one-twelfth of 1.7% of the aggregate provincial gross gaming revenues. OFNLP then distributes to the First Nation its share of these revenues according to a formula used for that purpose. The use of these funds, according to agreements, is restricted to community development, health, education, cultural development and economic development.

The First Nation holds one unit in the Ontario First Nations Limited Partnership and a share in Ontario First Nations General Partner Inc., a related company, the carrying values of which are nominal and are therefore not reported in these consolidated financial statements.

**24. Defined contribution plan**

***Defined contribution pension plan***

The First Nation's contributions and corresponding expenditures totalled \$384,869 for the year ended March 31, 2023 (2022 - \$356,1660).

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**25. Government transfers**

	<i>Operating transfers</i>	<i>Deferrals</i>	<i>2023</i>	<i>2022</i>
<b>Federal government transfers</b>	-	-	-	-
Indigenous Services Canada	19,979,621	(11,027,965)	8,868,219	9,946,664
Health Canada	1,350,867	(524,369)	1,203,328	924,243
Canada Mortgage and Housing Corporation	30,550	-	30,550	37,695
Federal Economic Development Agency	703,820	-	703,820	-
	<b>22,064,858</b>	<b>(11,552,334)</b>	<b>10,805,917</b>	<b>10,908,602</b>
<b>Provincial government transfers</b>	-	-	-	-
Ministry of Children, Community and Social Services	1,038,194	-	1,038,194	1,327,116
Ministry of Education	946,683	-	946,683	952,829
Ministry of Health and Long-term Care	549,426	-	549,426	376,843
Ministry of Transportation	72,900	-	72,900	72,900
	<b>2,607,203</b>	<b>-</b>	<b>2,607,203</b>	<b>2,729,688</b>
	<b>24,672,061</b>	<b>(11,552,334)</b>	<b>13,413,120</b>	<b>13,638,290</b>

**26. Segments**

The First Nation provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and activities they encompass are as follows:

**Council and Administration**

The Council and administration department oversees the delivery of all services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

**Public Works and Housing**

The public works department is responsible for the infrastructure, including roads, water, sewer and building maintenance. The housing department is responsible for affordable housing.

**Economic Development**

The economic development department is responsible for promoting economic growth within the First Nation. Band operated enterprises are activities conducted by the First Nation with the objective of promoting economic self-sufficiency.

**Health and Social Services**

The health department provides a wide range of services directed towards the well-being of members, including such activities as pre-natal care, nursing, health representation, traditional healing, family violence and many other programs designed to enhance the health of members. The social services department is responsible for administering social assistance payments as well as providing services directed towards members.

**26. Segments** *(Continued from previous page)*

**Education**

The education department provides direct elementary school services and secondary education by entering into service contracts with area school boards. In addition, the department provides sponsorship to students attending post secondary institutions.

**Land, Membership and Research**

The land, membership and research department is responsible for issuing status cards, registering members and processing land transfers.

**Childcare**

The childcare department provides services for the children of the First Nation below the age of 5.

**Employment and Training**

The employment and training department focuses on programs that improve and develop the general and employment skills for the First Nation's members. The programs offered are recreational and cultural programs, English as a second language and career development programs, which are held in multi-purpose and community centres.

**Consultation and Accommodation**

The consultation and accommodation department's mandate is to engage with governments and the private sector on land and resource matters that may impact the rights and interests of the First Nation.

**Business Enterprises**

The business enterprise department is comprised of related entities that are controlled by the First Nation including New Credit Variety & Gas, 8392692 Canada Inc., MCBC, MCB-LP and Nanticoke Corporation.

**Community Funds**

The community funds department is responsible for the administration of funds received from OFNLP, the Toronto Purchase Trust, and the Community Trust Land Claim fund.

**Mississaugas of the Credit  
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**27. Financial Instruments**

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

**Liquidity Risk**

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The First Nation enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the First Nation's future net cash flows for the possibility of negative net cash flow.

Contractual maturity of long-term debt is disclosed in Note 16.

Accounts payable and accrued liabilities, and Toronto Purchase Trust funds payable are both due within one year.

The First Nation manages the liquidity risk resulting from its accounts payable and accrued liabilities; Toronto Purchase Trust funds payable; and long-term debt by investing in liquid assets, such as equities.

**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 First Nation is exposed to credit risk from its financial assets including cash and cash equivalents, restricted cash, accounts receivable, due from First Nation members, due from Community Trust Land Claim fund, Ottawa trust fund, and loans receivable.

The First Nation holds its cash and cash equivalents and restricted cash in accounts with chartered financial institutions.

Accounts receivable are primarily from government, corporations, and individuals. The First Nation measures its exposure to credit risk based on how long amounts have been outstanding. Credit risk is mitigated by a highly diversified nature of debtors and other customers which minimizes the First Nations concentration of credit risk. An allowance for doubtful accounts is disclosed in Note 5. This allowance is recognized based on historical experiences regarding collections.

Due from First Nation members is considered to carry moderate credit risk due to past payment behaviour.

Due from Community Trust Land Claim fund is not considered to carry significant credit risk due to its strong liquidity.

The carrying amount of the above noted financial assets best represents the maximum exposure to credit risk.

**Risk management**

The First Nation manages its credit risk by following up on overdue accounts and by providing allowances for potentially uncollectible accounts receivable and due from First Nations members.

**Fair Value of Financial Instruments**

Financial instruments measured at fair value on the statement of financial position have been classified in the fair value hierarchy as follows:

	<b>March 31, 2023</b>			
	<i>Fair Value</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
<b>Financial assets</b>				
Portfolio investments - equities	<b>11,262,976</b>	<b>11,262,976</b>	-	-
Portfolio investments - mutual funds	<b>7,807,214</b>	<b>7,807,214</b>	-	-

**Mississaugas of the Credit  
First Nation**  
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**27. Financial Instruments** *(Continued from previous page)*

***Other price risk***

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation enters into transactions to purchase equities and units of mutual funds, for which the market price fluctuates.

The carrying value of portfolio investments represents the maximum exposure to other price risk.

An increase (decrease) in the market price of all portfolio investments by 15% would result in a remeasurement gain (loss) of \$2,860,529 (\$2,860,529) resulting in an increase (decrease) in remeasurement gains (losses) for a corresponding amount. There is no guarantee that the market price of portfolio investments will not vary by more than this amount.

**28. Comparative figures**

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