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Gouvernement du Canada
Ministère des Services autochtones Canada
Manitoulin Bay

Consolidated Financial Statements of

MISSANABIE CREE FIRST NATION

And Independent Auditors' Report thereon

Year ended March 31, 2019

MISSANABIE CREE FIRST NATION

Consolidated Financial Statements

Year ended March 31, 2019

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Missanabie Cree First Nation

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Missanabie Cree First Nation are the responsibility of management and have been approved by the Chief and Council of the First Nation.

The consolidated 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 judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls. 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 consolidated financial statements.

The Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the members.

On Behalf of the First Nation:


Chief



KPMG LLP
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Sault Ste. Marie ON P6A 6L6
Canada
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INDEPENDENT AUDITORS' REPORT

To the Members of Missanabie Cree First Nation

Opinion

We have audited the consolidated financial statements of Missanabie Cree First Nation (herein after referred to as the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of statement of accumulated deficit
- the consolidated statement of changes in net debt
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements")

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and its results of 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 responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditors' 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 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.



Responsibility 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.

Auditors' 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 auditors' 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 the 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 risk 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, internal 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 purposes 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the First Nation's 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Organization 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.

A handwritten signature in black ink that reads "KPMG LLP" in a stylized, cursive font, with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada
August 9, 2019

MISSANABIE CREE FIRST NATION

Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and short-term investments	\$ 1,345,662	\$ 758,399
Accounts receivable	1,179,703	926,179
Due from 1309912 Ontario Limited (note 2)	745,987	625,987
Investment in 1309912 Ontario Limited (note 3)	1	1
Investment in First Nation business enterprises (note 4)	512,965	410,776
Investment in Ohkimahkin Inc. (note 5)	1	2,988
Investment in 1887486 Ontario Inc. (note 6)	<u>426,330</u>	<u>220,880</u>
	4,210,649	2,945,210
Financial liabilities		
Accounts payable and accrued liabilities	605,785	434,122
Deferred revenue (note 7)	651,702	701,437
Long-term debt (note 8)	<u>8,502,228</u>	<u>8,025,031</u>
	9,759,715	9,160,590
Net debt	(5,549,066)	(6,215,380)
Non-financial assets		
Tangible capital assets (note 9)	3,464,417	3,267,404
Prepaid expenses	<u>45,678</u>	<u>38,965</u>
	3,510,095	3,306,369
Contingencies (note 10)		
Accumulated deficit (note 11)	\$ (2,038,971)	\$ (2,909,011)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Council:



Chief

MISSANABIE CREE FIRST NATION

Consolidated Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Indigenous Services Canada	\$ 1,081,793	\$ 938,152
Mushkegowuk Tribal Council	76,436	158,008
Mocreebec Council	34,944	27,637
Health Canada	345,873	171,276
Ontario First Nation Limited Partnership	721,746	567,597
Nishnawbe Aski Nation	143,510	147,644
Tembec Industries Inc.	65,000	65,000
Interest	87	1,675
Province of Ontario	216,386	118,183
Other	2,514,839	1,065,203
	5,200,614	3,260,375
Expenses:		
Band government	331,883	333,927
Community services	1,289,949	719,855
Mushkegowuk programs	61,432	122,645
Education	412,684	417,315
Economic development	1,259,825	895,224
Other	294,370	228,485
Restricted fund	260,545	233,358
	3,910,688	2,950,809
Excess of revenue over expenses before the undemoted	1,289,926	309,566
Land transfer process expenses	(419,886)	(1,029,313)
Excess (deficiency) of revenue over expenses	\$ 870,040	\$ (719,747)

See accompanying notes to consolidated financial statements.

MISSANABIE CREE FIRST NATION

Consolidated Statement of Accumulated Deficit

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Accumulated deficit, beginning of year	\$ (2,909,011)	\$ (2,189,264)
Excess (deficiency) of revenue over expenses	870,040	(719,747)
Accumulated deficit, end of year	<u>\$ (2,038,971)</u>	<u>\$ (2,909,011)</u>

See accompanying notes to consolidated financial statements.

MISSANABIE CREE FIRST NATION

Consolidated Statement of Changes in Net Debt

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Excess (deficiency) of revenue over expenses	\$ 870,040	\$ (719,747)
Additions to tangible capital assets	(387,846)	-
Amortization of tangible capital assets	190,833	139,590
	<u>673,027</u>	<u>(580,157)</u>
Acquisition of prepaid expenses	(45,678)	(38,965)
Use of prepaid expenses	38,965	80,432
Change in net financial assets	666,314	(538,690)
Net debt, beginning of year	(6,215,380)	(5,676,690)
Net debt, end of year	<u>\$ (5,549,066)</u>	<u>\$ (6,215,380)</u>

See accompanying notes to consolidated financial statements.

MISSANABIE CREE FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 870,040	\$ (719,747)
Adjustment for non-cash items		
Amortization of tangible capital assets	190,833	139,590
Share of operating income from Okimahkin Inc.	2,987	(2,988)
Share of operating income from First Nation business enterprises	(102,189)	(325,519)
Share of operating (income) loss from 1887486 Ontario Inc.	<u>(205,450)</u>	<u>29,120</u>
	756,221	(879,544)
Changes in non-cash working capital:		
Decrease in accounts receivable	(253,524)	(47,685)
Increase (decrease) in prepaid expenses	(6,713)	41,467
Increase in accounts payable and accrued liabilities	171,663	13,995
Increase (decrease) in deferred revenue	<u>(49,735)</u>	<u>439,713</u>
	617,912	(432,054)
Capital transactions:		
Acquisition of tangible capital assets	(387,846)	-
Financing transactions:		
Proceeds from long-term debt	542,880	1,240,189
Principal repayments of long-term debt	<u>(65,683)</u>	<u>(63,720)</u>
	477,197	1,176,469
Investing transactions:		
Investment in 1887486 Ontario Inc.	-	(250,000)
Increase in amounts due from 1309912 Ontario Limited	<u>(120,000)</u>	<u>(70,000)</u>
	(30,649)	856,469
Increase in cash and short-term investments	587,263	424,415
Cash and short-term investments, beginning of year	758,399	333,984
Cash and short-term investments, end of year	\$ 1,345,662	\$ 758,399
Cash and short-term investments is composed of the following:		
Cash	\$ 1,116,680	\$ 539,432
Short-term investments	<u>228,982</u>	<u>218,967</u>
	\$ 1,345,662	\$ 758,399

See accompanying notes to consolidated financial statements.

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

The Missanabie Cree First Nation administers funds to provide programs and services as contracted with various agencies for the benefit of its members.

1. Significant accounting policies:

These consolidated financial statements of Missanabie Cree First Nation (the "First Nation") are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies followed in the preparation of these consolidated financial statements:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity and its wholly-owned subsidiary Missanabie Cree Development Corporation and Missanabie Cree Business Corporation.

The reporting entity includes the activities of all committees of Council under the control of the First Nation.

The First Nation has invested in a limited partnership and accounts for its investment in this government business partnership using the modified equity method.

(b) Basis of accounting:

The First Nation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers and other revenue recognition:

Transfers are recognized in the consolidated financial statements as revenues in the period in which the events give rise to the transfer, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Revenue from fees, contracts and sales of publications is recognized when the services are provided or the goods are sold.

(d) Allocation of revenue and expenses:

The allocation of revenue and expenses was determined by management in accordance with the specific terms of the applicable contribution agreements.

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(e) Non-consolidated entities:

1309912 Ontario Limited, operating as Island View Camp ("the Company"), has not been consolidated due to the nature of the operations. The Company has been accounted for on the modified equity basis and, due to financial performance, has been written down to a nominal value of \$1.

Castle Homes & Building Products Inc. has not been consolidated due to the nature of the operations. The Company has been accounted for on the modified equity basis and, due to financial performance has been written down to \$Nil.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a declining-balance basis over their estimated useful lives as follows:

Buildings	25 years
Equipment	5 years

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(g) Treaty land entitlement expenditures to be recovered from future revenues:

Treaty land entitlement expenditures to be recovered from future revenues reflects costs associated with land entitlements to date which will be offset against future land entitlement settlements from Indigenous Services Canada ("ISC").

(h) Use of estimates:

The preparation of consolidated 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 liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for accounts receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

(i) 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.

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. Significant accounting policies (continued):

(i) Prior year funding adjustments:

The First Nation has entered into accountable contribution arrangements with several government funding agencies. All such programs are subject to audit by the various governments, with audit adjustments repayable to the government. Adjustments made under funding arrangements related to prior years are charged to operations in the year during which the adjustments are made.

2. Due from 1309912 Ontario Limited:

The amount due from 1309912 Ontario Limited is unsecured, bears no interest and has no specified terms of repayment. The First Nation is related by virtue of being the 100% shareholder.

3. Investment in 1309912 Ontario Limited:

Transactions with 1309912 Ontario Limited, operating as Island View Camp (Island View), during the year included: rental of facilities and equipment for \$29,114 (2018 - \$11,130) and management revenue of \$40,580 (2018 - \$41,315).

A summary of Island View's financial results as at March 31, 2019 is as follows:

	2019	2018
Financial position:		
Current assets	\$ 15,972	\$ 9,226
Capital assets	189,828	193,006
Total assets	<u>\$ 205,800</u>	<u>\$ 202,232</u>
Current liabilities	\$ 798,491	\$ 774,823
Total liabilities	<u>\$ 798,491</u>	<u>\$ 774,823</u>
Shareholder's deficiency	<u>\$ (592,691)</u>	<u>\$ (572,591)</u>
Results of operations:		
Revenue	\$ 133,291	\$ 157,587
Operating expenses	(152,800)	(174,790)
Interest on long-term debt	(591)	(2,361)
Net loss for the year	<u>\$ (20,100)</u>	<u>\$ (19,564)</u>
Cash provided by (used for):		
Operating activities	\$ 58,493	\$ 27,974
Investing activities	(18,000)	(25,150)
Financing activities	(40,000)	3,859
Increase in cash	<u>\$ 493</u>	<u>\$ 6,683</u>

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

4. Investment in First Nation business enterprise:

The First Nation has the following investments in First Nation business enterprises:

The investment at March 31, 2019 consists of the following:

	2019	2018
Wahkohtowin Development Limited Partnership	\$ 181,713	\$ 109,853
Northeast Superior Investment Limited Partnership	331,252	300,923
	<hr/> \$ 512,965	<hr/> \$ 410,776

i) Wahkohtowin Development Limited Partnership:

A direct 33.33% interest in the Wahkohtowin Development Limited Partnership ("WDLP") and its general partner Wahkohtowin Development General Partner Inc. ("WDGP"). WDLP is engaged in community economic development and is accounted for using the modified equity method.

The First Nation's interest in these business enterprises is summarized as follows:

	2019	2018
WDLP (250 Class A, 250 Class B Limited Partner Units)	\$ 181,354	\$ 109,593
WDGP (250 Common Shares)	359	260
	<hr/> \$ 181,713	<hr/> \$ 109,853

The investments at March 31, 2019 consist of the following:

	WDLP	WDGP	Total
Balance, beginning of the year	\$ 109,593	260	109,853
First Nation's share of earnings	71,761	99	71,860
<hr/> Balance, end of year	<hr/> \$ 181,354	<hr/> 359	<hr/> 181,713

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

4. Investment in First Nation business enterprises (continued):

i) Wahkotowin Development Limited Partnership (continued):

Financial information for the business enterprises fiscal year end March 31, 2019 is as follows:

	WDLP	WDGP	Total
Financial position:			
Current assets	\$ 415,606	767	416,373
Non-current assets	59,537	25	59,562
Total assets	475,143	792	475,935
Current liabilities	112,208	-	112,208
Partners' equity	\$ 362,935	792	363,727
Results of operations:			
Revenue	\$ 748,817	10	748,827
Expenses	641,181	-	641,181
Net earnings	\$ 107,636	10	107,646

ii) Northeast Superior Investment Limited Partnership:

A direct 33% interest in the Northeast Superior Investment Limited Partnership ("NSILP") and its general partner Northeast Superior Investment General Partner Inc. ("NSIGP"). NSILP is engaged in the forestry and energy sector with investments in saw mill and power generation companies and is accounted for using the modified equity method.

The First Nation's interest in these business enterprises is summarized as follows:

	2019	2018
NSILP (310 Class A Limited Partner Units)	\$ 331,251	\$ 300,922
NSIGP (3 Common Shares)	1	1
	\$ 331,252	\$ 300,923

The investments at March 31, 2019 consist of the following:

	NSILP	NSIGP	Total
Balance, beginning of the year	\$ 300,922	1	300,923
First Nation's share of earnings	30,329	-	30,329
Balance, end of year	\$ 331,251	1	331,252

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

4. Investment in First Nation business enterprises (continued):

ii) Northeast Superior Investment Limited Partnership (continued):

Financial information for the business enterprises fiscal year end March 31, 2019 is as follows:

	NSILP	NSIGP	Total
Financial position:			
Current assets	\$ 275,103	1	275,104
Non-current assets	4,277,511	-	4,277,511
Total assets	4,552,614	1	4,552,615
Current liabilities	6,000	-	6,000
Long-term debt	3,567,857	-	3,567,857
Partners' equity	\$ 978,757	1	978,758
Results of operations:			
Revenue	\$ 540,559	-	540,559
Expenses	449,273	-	449,273
Net earnings	\$ 91,286	-	91,286

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

5. Investment in Ohkimahkin Inc.:

The First Nation owns 51 common shares in Ohkimahkin Inc. which is engaged in engineering and related services in the mining sector and is accounted for using the modified equity method.

The investment at March 31, 2019 consist of the following:

	2019	2018
Balance, at beginning of the year	\$ 2,988	\$ -
First Nation's share of (losses) earnings	(2,987)	2,988
	\$ 1	2,988

Financial information for 1887486 Ontario Inc. for its non-coterminous fiscal periods reflected herein is as follows:

	Eight months ended	
	September 30, 2018	September 30, 2017

Financial position:

Current assets and total assets	\$ 18,999	\$ 10,557
Current liabilities and total liabilities	22,657	17,764
Shareholder's deficiency	\$ (3,668)	\$ (7,207)

	Commencement of operations to	
	September 30, 2018	September 30, 2017

Results of operations:

Revenue	\$ 45,403	\$ 9,710
Expenses	41,854	16,927
Net	\$ 3,549	\$ (7,217)

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. Investment in 1887486 Ontario Inc.:

The First Nation has a 51% interest in 1887486 Ontario Inc., operating as CTRL2Market which is engaged in developing bunkhouses, housing and other related opportunities related to area mining sector operations and is accounted for using the modified equity method.

The investment at March 31, 2019 consist of the following:

	2019	2018
Balance, beginning of the year	\$ 220,880	\$ -
Contributions	226,480	250,000
First Nation's share of net losses	(21,030)	(29,120)
Balance, end of year	\$ 426,330	\$ 220,880

Financial information for 1887486 Ontario Inc. for its non-coterminous fiscal periods reflected herein is as follows:

	December 31, 2018	December 31, 2017
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Financial position:

Current assets and total assets	\$ 1,013,144	\$ 536,374
Current liabilities and total liabilities	466,320	25,373
Retained earnings	\$ 546,824	\$ 511,001

	Commencement of operations to	
	December 31, 2018	December 31, 2017

Results of operations:

Revenue	\$ 997,039	\$ 142,643
Expenses	988,216	199,742
Net earnings (loss)	\$ 8,823	\$ (57,099)

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

7. Deferred revenue:

Funding received for services not yet provided is included in the consolidated financial statements as deferred revenue. The following program balances were deferred:

	2019	2018
Indigenous Services Canada	\$ 200,783	\$ 104,711
Economic development	198,210	437,915
Other	87,981	90,644
Special projects	99,874	67,244
Education	64,854	923
	<hr/>	<hr/>
	\$ 651,702	\$ 701,437

8. Long-term debt:

	2019	2018
(a) Loan payable to Indigenous Services Canada	\$ 3,652,524	\$ 3,652,524
(b) Term loan	4,576,485	4,163,606
(c) Demand loan	57,362	86,638
(d) Demand loan	85,857	122,263
(e) Promissory note	130,000	—
	<hr/>	<hr/>
	\$ 8,502,228	\$ 8,025,031

Principal due within the next three years on the long-term debt is as follows:

2020	\$ 74,247
2021	68,972
2022	8,359,009

- (a) The loan payable to Indigenous Services Canada is secured by a promissory note due the later of March 31, 2022 or the date on which the land claim is settled. If negotiations remain in progress on the due date, the loan repayment date will be extended by five years, or a period deemed appropriate to coincide with the anticipated claim settlement date. The loan is interest-free unless in default or upon maturity of the promissory note.
- (b) The term loan with Royal Bank of Canada is due May 2021 with interest only payments at 2.95% and is secured by an insurance policy on land treaty entitlement.
- (c) The demand loan with Royal Bank of Canada is due November 2020 interest at 3.78%, monthly blended payments of \$2,548, secured by land and building with a carrying value of \$3,056,160.
- (d) The demand loan with Royal Bank of Canada is due November 2020 interest at 3.78%, monthly blended payments of \$3,596, secured by land and building with a carrying value of \$3,056,160.
- (e) The promissory note payable to Maurice Law Barristers and Solicitors is interest free with no payments due until the land claim settlement.

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

9. Tangible capital assets:

Cost	Balance at March 31, 2018	Additions	Disposals	Balance at March 31, 2019
Land	\$ 38,700	-	-	38,700
Buildings	3,895,663	-	-	3,895,663
Equipment	392,840	387,846	-	780,686
Total	\$ 4,327,203	387,846	-	4,715,049
<hr/>				
Accumulated amortization	Balance at March 31, 2018	Amortization expense	Disposals	Balance at March 31, 2019
Buildings	\$ 691,963	186,240	-	878,203
Equipment	367,836	4,593	-	372,429
Total	\$ 1,059,799	190,833	-	1,250,632
<hr/>				
	Net book value, March 31, 2018		Net book value, March 31, 2019	
Land	\$ 38,700		38,700	
Buildings	3,203,700		3,017,460	
Equipment	25,004		408,257	
Total	\$ 3,267,404		3,464,417	

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

9. Tangible capital assets (continued):

Cost	Balance at March 31, 2017	Additions	Disposals	Balance at March 31, 2018
Land	\$ 38,700	-	-	38,700
Buildings	3,895,663	-	-	3,895,663
Equipment	392,840	-	-	392,840
Total	\$ 4,327,203	-	-	4,327,203
<hr/>				
Accumulated amortization	Balance at March 31, 2017	Amortization expense	Disposals	Balance at March 31, 2018
Buildings	\$ 557,779	134,184	-	691,963
Equipment	362,430	5,406	-	367,836
Total	\$ 920,209	139,590	-	1,059,799
<hr/>				
	Net book value, March 31, 2017	Net book value, March 31, 2018		
Land	\$ 38,700	38,700		
Buildings	3,337,884	3,203,700		
Equipment	30,410	25,004		
Total	\$ 3,406,994	3,267,404		

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. Contingencies:

The First Nation is contingently liable for an available credit facility in the amount of \$100,000 to the Royal Bank of Canada.

In addition, the First Nation is also contingently liable for an available line of credit, in the amount of \$80,000 by 1309912 Ontario Limited, a company controlled by the First Nation.

In addition, the First Nation is also contingently liable for fixed rate term facilities in the aggregate amount of \$587,033 by Castle Homes & Building Products Inc., a company controlled by the First Nation. The loans are secured by property located at 3476 Highway 17 East, Echo Bay, Ontario.

11. Accumulated deficit:

Accumulated deficit consists of individual fund surplus and reserves as follows:

	2019	2018
Surplus (deficit):		
Invested in tangible capital assets	\$ 3,191,198	\$ 3,058,502
Equity investment in 1309912 Ontario Limited	1	1
Restricted Rama	3,566,807	3,177,767
Operating	(169,371)	(937,561)
	6,588,635	5,298,709
 Unfunded treaty land entitlement expenditures to be recovered through future revenues		
	(8,627,606)	(8,207,720)
	 \$ (2,038,971)	 \$ (2,909,011)

12. Subsequent events:

The First Nation is currently involved in a treaty land entitlement settlement process with the Government of Canada. As of the date of the audit report no settlement has been ratified. The results of any settlement and ratification thereto will be recorded when they become known.

13. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

14. Segmented information:

Missanabie Cree First Nation is a diversified governmental institution that provides a wide range of services to its Members, including education, community services, economic development, land transfer process, band government, and Mushkegowuk programs. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions, or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the financial statements, along with the services they provide, are as follows:

Education

The education department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

Community Services

The community service department provides a wide range of support services for children and families including health and community care.

Economic Development

The economic development department is responsible for identifying and developing economic opportunities for the benefit of the First Nation and its Members. The department also secures and delivers employment training funding for the First Nation.

Land Transfer Process

The land transfer process department is responsible for the provincial negotiations towards the transfer of entitled lands for the First Nation.

Band Government

The band government department oversees the delivery of all governmental 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.

Mushkegowuk

This Mushkegowuk department is responsible for all project activities qualified for funding through the Mushkegowuk Council.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocations on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

14. Segmented information (continued):

	2019		
	Restricted	Fund	Consolidated Total
Revenue:			
Indigenous and Northern Affairs Canada	\$ 237,831	203,162	384,315
Health Canada	-	345,873	-
Ministry of Northern Development and Mines	-	117,760	-
Ontario First Nation Limited Partnership	-	-	-
Interest	73	-	-
Province of Ontario	-	-	-
Other	51,421	604,091	61,352
	289,325	1,270,886	61,352
	412,684	-	2,125,724
			318,883
			721,760
			5,200,614
Expenses:			
Salaries and employee benefits	99,709	434,176	28,382
Professional fees	66,290	35,337	-
Rental of facilities and equipment	27,217	99,916	-
Travel	34,108	297,854	-
Honoraria	108,286	22,588	-
Materials and supplies	9,287	447,579	-
Repairs and maintenance	20,328	-	3,500
Insurance	-	-	-
Interest on long-term debt	-	-	-
Other	(37,394)	(51,061)	33,050
Amortization of tangible capital assets	4,052	-	-
	331,883	1,289,949	61,432
		412,684	419,886
		-	1,259,825
			294,370
			260,545
			190,833
Excess (deficiency) of revenue over expenses	(42,558)	(19,063)	(80)
Transfers	77,276	(3,014)	80
Annual surplus (deficit)	\$ 34,717	(22,077)	-
			(419,886)
			866,169
			22,077
			389,040
			870,040

MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2019

14. Segmented Information (continued):

	2018								
	Band Government	Community Services	Mushkegowuk Programs	Education	Land Transfer Process / Claim Settlement	Economic Development	Other	Restricted Fund	Consolidated Total
Revenue:									
Indigenous and Northern Affairs Canada	\$ 146,720	37,800	-	401,311	-	317,321	35,000	-	938,152
Health Canada	-	171,276	-	-	-	-	-	-	171,276
Ministry of Northern Development and Mines	-	-	-	-	-	-	9,397	-	9,397
Ontario First Nation Limited Partnership	-	-	-	-	-	-	-	-	567,597
Other	129,977	480,860	128,093	16,004	19,177	611,006	187,260	1,576	1,573,953
	276,697	689,936	128,093	417,315	19,177	928,327	231,657	569,173	3,250,375
Expenses:									
Salaries and employee benefits	85,519	338,715	54,242	46,218	17,500	221,740	37,837	-	801,771
Professional fees	60,794	61,256	-	-	241,429	153,732	50	-	517,261
Rental of facilities and equipment	25,546	42,941	-	-	-	-	-	-	68,747
Travel	13,033	176,403	25,614	-	24,986	89,306	76,341	-	405,683
Honoraria	115,817	17,906	500	-	2,200	1,400	3,450	-	141,273
Materials and supplies	8,856	157,724	9,372	1,283	-	88,635	13,211	-	279,081
Repairs and maintenance	13,298	-	-	-	-	-	-	-	13,298
Insurance	-	-	-	-	280,065	-	-	-	290,065
Interest on long-term debt	-	-	-	-	105,744	-	-	-	105,744
Other	5,659	(75,090)	32,917	369,814	347,389	206,226	97,336	233,358	1,217,609
Amortization of tangible capital assets	5,405	-	-	-	-	134,185	-	-	139,590
	333,927	719,855	122,645	417,315	1,028,313	895,224	228,485	233,358	3,980,122
Excess (deficiency) of revenue over expenses	(57,230)	(29,919)	5,448	-	(1,010,136)	33,103	3,172	335,815	(719,747)
Transfers	66,002	5,087	(5,469)	-	-	(5,527)	(3,333)	(56,760)	-
Annual surplus (deficit)	\$ 8,772	(24,832)	(21)	-	(1,010,136)	27,576	(161)	279,055	(719,747)