

Consolidated Financial Statements of

**MISSANABIE CREE FIRST NATION**

And Independent Auditor's Report thereon

Year ended March 31, 2021

# MISSANABIE CREE FIRST NATION

## Consolidated Financial Statements

Year ended March 31, 2021

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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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**INDEPENDENT AUDITOR'S 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, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of statement of accumulated surplus
- the consolidated statement of changes in net financial assets
- the consolidated statement of cash flows for the year then ended
- and the notes and schedules 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, 2021, 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 "***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditor's 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.

### ***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 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.



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- 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 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'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'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

October 3, 2024

# MISSANABIE CREE FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Cash	\$ 7,966,987	\$ 1,742,961
Restricted trust fund cash and investments (note 3)	161,722,879	1,928,397
Accounts receivable	4,488,124	717,250
Land settlement process receivable (note 9)	-	150,000,000
Due from 1309912 Ontario Limited (note 2)	-	815,987
Investment in First Nation business enterprises (note 4)	5,699,812	1,499,954
	<u>179,877,802</u>	<u>156,704,549</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	458,388	446,042
Funding repayable	91,420	-
Deferred revenue (note 5)	2,937,659	1,150,135
Long-term debt (note 6)	80,197,673	53,729,828
	<u>83,685,140</u>	<u>55,326,005</u>
Net financial assets	96,192,662	101,378,544
<b>Non-financial Assets</b>		
Tangible capital assets (note 7)	2,886,559	3,007,927
Prepaid expenses	89,160	79,598
	<u>2,975,719</u>	<u>3,087,525</u>
Accumulated surplus (note 8)	\$ 99,168,381	\$ 104,466,069
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 98,601,896	\$ 104,466,069
Accumulated remeasurement gains	566,485	-
	<u>\$ 99,168,381</u>	<u>\$ 104,466,069</u>

See accompanying notes to consolidated financial statements

# MISSANABIE CREE FIRST NATION

## Consolidated Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Government grants:		
Indigenous Services Canada	\$ 768,469	\$ 976,260
Mushkegowuk Tribal Council	976,282	679,467
Government of Canada	348,972	467,122
Mocreebec Council	29,344	30,250
Nishnawbe Aski Nation	126,822	122,241
Province of Ontario	117,044	150,763
Ontario First Nation Limited Partnership	615,424	627,415
Share of earnings (loss) from investment in First Nation business enterprises	799,756	(687,877)
Other	2,154,500	725,392
Interest	25,477	6,496
	5,962,090	3,097,529
Expenses:		
Band government	531,534	347,077
Social services	850,906	1,105,147
Lands and resources	30,124	58,072
Mushkegowuk programs	21,109	27,025
Education	292,476	319,277
Economic development	171,046	328,229
Community development	11,804	59,417
Restricted fund	532,852	315,418
Resource sharing	1,150,860	2,018
Community benefit agreements	520,000	241,772
Emergency measures	12,000	6,557
Other	184,766	205,110
	4,309,477	3,015,119
Excess of revenue over expenses before the undernoted	1,652,613	82,410
Land treaty: (note 9)		
Government of Canada	-	150,000,000
Trust fund annual disbursement	3,868,568	-
Land transfer process expenses and member distributions	(11,385,354)	(43,577,370)
Excess (deficiency) of revenue over expenses	\$ (5,864,173)	\$ 106,505,040

See accompanying notes to consolidated financial statements.



# MISSANABIE CREE FIRST NATION

## Consolidated Statement of Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Accumulated operating surplus (deficit), beginning of year	\$ 104,466,069	\$ (2,038,971)
Excess (deficiency) of revenue over expenses	(5,864,173)	106,505,040
Accumulated operating surplus, end of year	\$ 98,601,896	\$ 104,466,069

See accompanying notes to consolidated financial statements.

# MISSANABIE CREE FIRST NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Excess (deficiency) of revenue over expenses	\$ (5,864,173)	\$ 106,505,040
Amortization of tangible capital assets	121,368	126,716
	(5,742,805)	106,631,756
Acquisition of prepaid expenses	(89,160)	(79,598)
Use of prepaid expenses	79,598	34,492
Unrealized gain on restricted trust fund cash and investments	566,485	-
Change in net financial assets (debt)	(5,185,882)	106,586,650
Net financial assets (debt), beginning of year	101,378,544	(5,208,106)
Net financial assets, end of year	\$ 96,192,662	\$ 101,378,544

See accompanying notes to consolidated financial statements.

# MISSANABIE CREE FIRST NATION

## Consolidated Statement of Remeasurement Gains

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ -	\$ -
Unrealized gains attributable to:		
Restricted trust fund cash and investments	566,485	-
Net remeasurement gains for the year	566,485	-
Accumulated remeasurement gains, end of year	\$ 566,485	\$ -

See accompanying notes to consolidated financial statements.

# MISSANABIE CREE FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (5,864,173)	\$ 106,505,040
Adjustment for non-cash items		
Amortization of tangible capital assets	121,368	126,716
Share of (earnings) loss from First Nation business enterprises	(799,757)	736,127
	(6,542,562)	107,367,883
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(3,770,874)	112,766
Decrease (increase) in land settlement process receivable	150,000,000	(150,000,000)
Increase in prepaid expenses	(9,562)	(45,106)
Increase (decrease) in accounts payable and accrued liabilities	12,346	(66,602)
Increase in funding repayable	91,420	-
Increase in deferred revenue	1,787,524	513,596
	141,568,292	(42,117,463)
Financing transactions:		
Proceeds from long-term debt	40,000,000	50,000,000
Principal repayments of long-term debt	(13,532,155)	(4,642,400)
	26,467,845	45,357,600
Investing transactions:		
Investment in First Nation business enterprises	(3,400,101)	(795,914)
Increase in restricted investments	(159,227,997)	(1,762,972)
Decrease (increase) in amounts due from 1309912 Ontario Limited	815,987	(70,000)
	(161,812,111)	(2,628,886)
Increase in cash	6,224,026	611,251
Cash, beginning of year	1,742,961	1,131,710
Cash, end of year	\$ 7,966,987	\$ 1,742,961

See accompanying notes to consolidated financial statements

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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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:

- (i) The reporting entity includes the activities of all committees of Council under the control of the First Nation. These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all programs under the control of Chief and Council.

#### (ii) Investment in First Nation business enterprises:

All controlled entities are fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Interorganizational balances and transactions are eliminated upon consolidation.

Organizations consolidated include:

- Missanabie Cree Development Corporation

Organizations accounted for on a modified equity basis include:

- Missanabie Cree Business Limited Partnership (“MCBLP”)
- Missanabie Cree Business Corporation (“MCBC”)
- Wahkohtowin Development Limited Partnership (“WDLP”)
- Northeast Superior Investment Limited Partnership (“NSILP”)
- 1309912 Ontario Limited (operating as Island View Camp) (“Island View”)
- Opeewin Limited Partnership (“OLP”)
- Mahihkan Holdings Ltd. (“MHL”)

Under the modified equity basis, the government business enterprises’ accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual income or loss of the government business enterprises in its consolidated statement of operations and accumulated surplus with corresponding increase or decrease in its investment account.

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 1. Significant accounting policies (continued):

(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 measureable. 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.

(e) Non-consolidated entities:

Castle Homes & Building Products Inc. has not been consolidated due to the nature of the operations. It has been accounted for on the modified equity basis and, due to financial performance has been written down to \$Nil. During the year ended March 31, 2021, the property and building were sold, and the entity is in the process of being wound up.

(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:

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Buildings	25 years
Equipment	5 years

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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.

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 1. Significant accounting policies (continued):

(g) 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.

(h) 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.

(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.

(j) Other investments:

Other investments in non-controlled entities are recorded at cost. Temporary declines in the market value of the investments are not adjusted.

### 2. Due from 1309912 Ontario Limited:

The amount due from 1309912 Ontario Limited ("Island View Camp") is unsecured, bears no interest and has no specified terms of repayment. The First Nation is related by virtue of being the 100% shareholder. During the year, as a result of the land treaty settlement, the amount due from Island View Camp was fully settled.

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

### 3. Restricted trust fund cash and investments:

	2021 Book Value	2021 Market Value
Cash and cash equivalents	\$ 12,175,492	\$ 12,175,492
Leith Wheeler Canadian Equities	108,838,714	110,458,316
Pier 21 Global	15,724,661	15,587,750
Baillie Gifford LT Global Growth	24,417,527	23,501,321
	<b>\$ 161,156,394</b>	<b>\$ 161,722,879</b>

Restricted trust fund cash and investments balances at March 31, 2020 were \$1,928,397.

### 4. Investment in First Nation business enterprises:

	Ownership	2021	2020
MCBLP	99%	\$ 1,523,375	\$ 1,047,915
MCBC	100%	1	1
WDLP	33%	197,864	170,811
NSILP	33%	277,778	232,976
Island View	100%	273,344	1
OLP	25%	27,350	48,250
MHL	100%	3,400,100	–
		<b>\$ 5,699,812</b>	<b>\$ 1,499,954</b>

#### i) Missanabie Cree Business Limited Partnership:

The First Nation has a direct 99% interest in Missanabie Cree Business Limited Partnership and a further 1% interest by virtue of its 100% investment in Missanabie Cree Business Corporation, the general partner of MCBLP. MCBLP is engaged primarily in economic development projects. The First Nation's interest in MCBLP results of operations for the year ended March 31, 2021 is included in the First Nation's consolidated statement of operations and accumulated surplus.

The investments at March 31, 2021 consist of the following:

	MCBLP	MCBC	Total
Balance, beginning of the year	\$ 1,047,915	\$ 1	\$ 1,047,916
First Nation's share of earnings	475,460	–	475,460
Balance, end of year	<b>\$ 1,523,375</b>	<b>\$ 1</b>	<b>\$ 1,523,376</b>



# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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

#### i) Missanabie Cree Business Limited Partnership (continued):

Financial information for the business enterprises fiscal year end March 31, 2021 is as follows:

	MCBLP	MCBC	Total
Financial position:			
Current assets	\$ 4,406,063	\$ 61,932	\$ 4,467,995
Non-current assets	662,409	–	662,409
Total assets	5,068,472	61,932	5,130,404
Current and other liabilities	3,548,931	86,042	3,634,973
Partners' equity (deficit)	\$ 1,519,541	\$ (24,110)	\$ 1,495,431
Results of operations:			
Revenue	\$ 1,522,192	\$ 387,431	\$ 1,909,623
Expenses	991,719	386,105	1,377,824
Net income	\$ 530,473	\$ 1,326	\$ 531,799

#### ii) Wahkohtowin Development Limited Partnership:

A direct 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:

	2021	2020
WDLP (250 Class A, 250 Class B Limited Partner Units)	\$ 197,504	\$ 170,453
WDGP (250 Common Shares)	360	358
	\$ 197,864	\$ 170,811

The investments at March 31, 2021 consist of the following:

	WDLP	WDGP	Total
Balance, beginning of the year	\$ 170,453	\$ 358	\$ 170,811
First Nation's share of earnings	27,051	2	27,053
Balance, end of year	\$ 197,504	\$ 360	\$ 197,864

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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

#### ii) Wahkohtowin Development Limited Partnership (continued):

Financial information for the business enterprises fiscal year end March 31, 2021 is as follows:

	WDLP	WDGP	Total
Financial position:			
Current assets	\$ 545,547	\$ 231	\$ 353,908
Non-current assets	427,056	3	170,937
Total assets	972,603	234	524,845
Current liabilities	487,704	1,001	121,631
Partners' equity (deficit)	\$ 484,899	\$ (767)	\$ 403,214
Results of operations:			
Revenue	\$ 1,010,114	\$ 8	\$ 872,680
Expenses	928,954	250	906,704
Net earnings (loss)	\$ 81,160	\$ (242)	\$ (34,024)

#### iii) 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 sawmill 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:

	2021	2020
NSILP (310 Class A Limited Partner Units)	\$ 277,773	\$ 232,975
NSIGP (3 Common Shares)	1	1
	\$ 277,774	\$ 232,976

The investments at March 31, 2021 consist of the following:

	NSILP	NSIGP	Total
Balance, beginning of the year	\$ 232,975	\$ 1	\$ 232,976
First Nation's share of earnings	44,796	4	44,802
Balance, end of year	\$ 277,773	\$ 5	\$ 277,778

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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

#### iii) Northeast Superior Investment Limited Partnership (continued):

Financial information for the business enterprises fiscal year end March 31, 2021 is as follows:

	NSILP	NSIGP	Total
Financial position:			
Current assets	\$ 957,977	\$ 1	\$ 957,978
Non-current assets	2,743,188	–	2,743,188
Total assets	3,701,165	1	3,701,165
Current liabilities	582,911	–	582,911
Long-term debt	2,299,919	–	2,299,919
Partners' equity	\$ 818,335	\$ 1	\$ 818,336
Results of operations:			
Revenue	\$ 258,787	\$ –	\$ 258,787
Expenses	124,384	–	124,384
Net earnings	\$ 134,403	\$ –	\$ 134,403

#### (iv) 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 \$3,000 (2020 - \$22,120) and management revenue of \$37,663 (2020 - \$41,783).

A summary of Island View's financial results as at March 31, 2021 is as follows:

	2021	2020
Financial position:		
Current assets	\$ 9,373	\$ 9,659
Capital assets	293,427	170,893
Total assets	\$ 302,800	\$ 180,552
Current and total liabilities	\$ 29,456	\$ 883,102
Shareholder's equity (deficiency)	\$ 273,344	\$ (702,550)
Results of operations:		
Revenue	\$ 6,695	\$ 31,836
Operating expenses	(130,250)	(141,695)
Net loss for the year	\$ (123,555)	\$ (109,859)

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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

#### v) Opeewin Limited Partnership:

A direct 33% interest in the Opeewin Limited Partnership ("OLP"). OLP is engaged in the forestry related projects and is accounted for using the modified equity method.

	2021	2020
Balance, beginning of the year	\$ 48,249	\$ 1
First Nation's share of earnings (loss)	(48,566)	48,248
Adjustment of prior year earnings	27,667	–
Balance, end of year	\$ 27,350	\$ 48,249

A summary of OLP's financial results as at March 31, 2020 is as follows:

	2021	2020
Financial position:		
Current assets	\$ 173,570	\$ 287,630
Capital assets	1,201,998	1,452,064
Total assets	\$ 1,375,568	\$ 1,739,694

Current and total liabilities	\$ 1,293,516	\$ 1,511,944
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Shareholder's equity	\$ 82,052	\$ 227,750
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	2021	2020
Results of operations:		
Revenue	\$ 710,008	\$ 1,196,574
Operating expenses	(855,706)	(968,828)
Net earnings (loss) for the year	\$ (145,698)	\$ 227,746

#### v) Mahihkan Holdings Limited:

During the year the First Nation obtained 100 class A common shares representing a 100% interest in Mahihkan Holdings Limited ("MHL"), an investment entity incorporated on May 11, 2020. MHL has invested in resource and mining related entities.

The First Nation's interest in this business enterprise is summarized as follows:

	2021	2020
Class A Common Shares	\$ 100	\$ –
Non-interest bearing loan, due July 2030	3,400,000	–
	\$ 3,400,100	\$ –

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

### 5. Deferred revenue:

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

	2021	2020
Indigenous Services Canada	\$ 1,785,607	\$ 377,168
Province of Ontario	196,854	50,270
Government of Canada	32,717	33,964
Nishnawbe Aski Nation	69,523	–
Other	852,958	688,733
	<u>\$ 2,937,659</u>	<u>\$ 1,150,135</u>

### 6. Long-term debt:

	2021	2020
(a) Loan payable to Indigenous Services Canada	\$ –	\$ 3,652,524
(b) RBC demand loan - MCDC	–	23,724
(c) RBC demand loan - MCDC	–	53,580
(d) CIBC land treaty bridge term loan	–	50,000,000
(e) CIBC land treaty demand revolving credit facility	80,197,673	–
	<u>\$ 80,197,673</u>	<u>\$ 53,729,828</u>

- (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. On August 13, 2019, the land claim settlement was ratified and the loan was fully repaid with land treaty settlement proceeds. (note 9).
- (b) The demand loan with Royal Bank of Canada was due November 2020, bearing interest at 4.66%, with monthly blended payments of \$2,967. The demand loan was fully repaid with land treaty settlement proceeds (note 9).
- (c) The demand loan with Royal Bank of Canada was due November 2020, bearing interest at 4.66%, with monthly blended payments of \$2,967. The demand loan was fully repaid with land treaty settlement proceeds (note 9).
- (d) The non-revolving bridge term loan with CIBC, secured by the proceeds from the Government of Canada for the Land Settlement Claim, was payable in interest only monthly payments at 3.95% and was fully repaid with land treaty settlement proceeds
- (e) A CIBC revolving credit facility with a maximum loan amount of \$90,000,000 for the purpose of future economic development and social programming initiatives. The facility has an interest rate of 3.95% and is payable on demand with provision for monthly principal and interest payments calculated on amounts drawn to a maximum maturity of 25 years for each draw. The facility is secured by a general security agreement and pledge on the restricted trust fund investments (note 3).

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

### 8. Accumulated surplus (deficit):

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

	2021	2020
Surplus (deficit):		
Invested in tangible capital assets	\$ 2,886,559	\$ 2,930,623
Investment in First Nation business enterprises	5,699,808	1,499,954
Ontario First Nations Limited Partnership	3,962,711	3,880,141
Operating deficit	(315,599)	(1,598,414)
	12,233,485	6,712,304
Land Treaty Trust	86,368,411	97,753,765
Accumulated remeasurement gains	566,485	—
	\$ 99,168,381	\$104,466,069

### 9. Land treaty:

The First Nation has been involved in a treaty land entitlement settlement process with the Government of Canada. A final \$150,000,000 settlement agreement was ratified by the First Nation membership on August 13, 2019 and payment received from the Government of Canada during the year which have been transferred to a restricted Trust Fund which is managed directly by the First Nation's elected Chief and Council.

As a part of the settlement process, individual members of the First Nation were eligible to receive a settlement payments. Proceeds of the settlement were used during the year to settle certain long-term debt (note 6).

During the year, member disbursements and payments for Trust Fund related expenses were made in the amount of \$10,756,094 (2020 - \$43,577,370).

### 10. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2021 financial statements.

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 11. 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:

#### **Band government**

Governance and administration activities overseeing the delivery of governmental, financial, and operations functions, and creation and implementation of policies and procedures. Also includes government activity of Chief and Council.

#### **Social Services**

Programs designed to provide community citizens and their families with health, wellness, emergency, and professional supports. Also includes programs and events designed for citizens with a community wellness mandate. These programs may be externally funded or own-source funded.

#### **Lands and Resources**

The Lands and Resources department facilitates programs and projects related to forestry, mining, the environment, and preservation. These programs can be community driven, third party research, or collaboration & negotiation with a resource sector entity.

#### **Mushkegowuk Programs**

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

#### **Education**

The Education department provides tuition payments and living and other allowances to students who are enrolled in the Post-Secondary Student Support Program who are attending post-secondary institutions.

#### **Land Treaty**

Transactions and revenue resulting from the proceeds of the Land Treaty contained within the Missanabie Cree Legacy Trust. Includes Trust Revenue, disbursements to programs, and payments directly to citizens or direct capital purchases.

# MISSANABIE CREE FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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### 11. Segmented information (continued):

#### **Economic Development**

Initiatives to create revenue streams, explore avenues for potential ventures, and develop existing for-profit ventures for the benefit of the First Nation. Also includes the economic activity of established businesses under direct First Nation administration.

#### **Community Development**

Community activities that are focused on cultural enrichment or community socialization. Also development of community assets including community housing and the Development Corporation.

#### **Restricted Fund**

The Restricted Fund is set under Ontario First Nations Limited Partnership (Rama Casino) guidelines to receive OFNLP revenue entitlements to the First Nation and spend permissible expenses under the appropriate program area. OFNLP program areas are: Health, Education, Cultural, Economic Development, Community Development.

#### **Resource sharing**

External revenue sources through resource sharing for which use is solely at Council discretion. This department may pay single expenses out of an unrestricted revenue streams, or may transfer funds to projects and/or programs in other departments as an own-source contribution.

#### **Community Benefit Agreements**

Negotiated agreements made with external businesses to provide a monetary or non-monetary benefit to the community. Often created with resource sector entities as consideration for resource extraction.

#### **Emergency Management**

Programs and events related to emergency management activities. Includes training programs and Emergency Operations Centre funding. Flowthrough for emergency events for which MCFN is the host community.

#### **Other**

Activities that may be short-term in nature and do not relate directly to other departments.

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, 2021

## 11. Segmented information (continued):

	2020													
	Band government	Social services	Lands and resources	Mushkegowuk programs	Education	Land Treaty	Economic development	Community development	Restricted fund	Resource sharing	Community benefit agreements	Emergency measures	Other	Consolidated Total
Revenue:														
Deferred revenue, beginning of year	\$ 91,210	232,610	-	-	34,804	-	10,724	64,963	-	-	192,669	6,557	3,000	636,537
Indigenous Services Canada	272,707	348,709	-	-	382,025	2,209	-	82,263	-	-	-	-	-	1,087,913
Mushkegowuk Council	2,500	-	-	26,979	-	-	1,148	-	-	772,457	-	-	-	803,084
Government of Canada (note 9)	21,972	377,079	-	-	-	2,161	-	-	-	-	-	-	-	401,212
Mocreebec Council	30,250	-	-	-	-	-	-	-	-	-	-	-	-	30,250
Nishnawbe Aski Nation	-	119,417	-	-	-	-	2,823	-	-	-	-	-	-	122,240
Province of Ontario	1,300	72,362	58,072	-	-	-	6,216	-	-	-	-	-	-	137,950
Ontario First Nation Limited Partnership	-	-	-	-	-	-	-	-	627,415	-	-	-	-	627,415
Share of earnings (losses) from investment in First Nation	-	-	-	-	-	-	(207,588)	-	-	-	-	-	(480,289)	(687,877)
Other	21,582	168,062	-	-	4,297	2,149	269,185	42,100	-	350,000	237,000	-	25,400	1,119,775
Interest	-	-	-	-	-	5,159	-	-	1,337	-	-	-	-	6,496
Deferred revenue, end of year	(58,988)	(212,991)	-	-	(101,848)	-	(69,420)	(123,911)	-	(471,599)	(145,709)	-	(3,000)	(1,187,466)
	382,533	1,105,248	58,072	26,979	319,278	11,678	13,088	65,415	628,752	650,858	283,960	6,557	(454,889)	3,097,529
Expenses:														
Salaries and employee benefits	131,971	385,357	13,837	12,025	29,482	-	97,927	54,311	-	-	38,494	-	-	763,404
Professional fees	113,967	2,405	30,211	-	-	453,093	14,866	7,915	18,300	2,018	7,559	6,557	-	656,891
Rental of facilities and equipment	44,516	80,005	-	-	-	-	10,262	1,455	-	-	-	-	-	136,238
Administration	3,750	77,059	5,280	5,000	38,203	68	65,000	21,920	62,742	-	-	-	81,636	360,658
Training	1,216	2,873	-	10,000	-	-	-	-	-	-	-	-	-	14,089
Travel	55,732	65,920	6,000	-	-	6,584	64,701	154,579	-	-	3,568	-	-	357,084
Office and miscellaneous	19,334	3,585	-	-	-	-	-	-	-	-	-	-	-	22,919
Telephone	14,908	5,688	-	-	-	-	4,987	1,336	-	-	-	-	-	26,919
Honoraria	115,200	11,290	-	-	-	-	1,150	28,958	-	-	-	-	-	156,598
Insurance	36,810	96	-	-	-	34,015	265	-	-	-	-	-	-	71,186
Bank and interest charges	5,868	-	-	-	-	-	-	-	56	-	-	-	-	5,924
Materials and supplies	18,414	360,072	-	-	600	700	77,164	85,964	35,770	-	2,151	-	-	580,835
Repairs and maintenance	4,635	-	-	-	-	-	-	4,307	-	-	-	-	-	8,942
Advertising	-	8,228	-	-	-	-	-	500	-	-	-	-	-	8,728
Land tax	274	-	-	-	-	-	-	-	-	-	-	-	-	274
Amortization of tangible capital assets	3,242	-	-	-	-	-	-	-	-	-	-	-	123,474	126,716
Recovery of expenses	(322,290)	(22,881)	-	-	(305,745)	-	(35,000)	(253,597)	-	-	-	-	-	(939,513)
Tuition	-	-	-	-	92,848	-	-	-	-	-	-	-	-	92,848
Allowances	-	-	-	-	156,865	-	-	-	-	-	-	-	-	156,865
Awards	-	-	-	-	13,436	-	-	-	-	-	-	-	-	13,436
Books	-	-	-	-	17,327	-	-	-	-	-	-	-	-	17,327
Interest on long-term debt	-	-	-	-	-	877,891	-	-	-	-	-	-	-	877,891
Capital assets and equipment	9,349	138,350	2,744	-	-	-	1,675	-	-	-	109,025	-	-	261,143
Other	83,795	(12,900)	-	-	276,261	-	25,232	(48,231)	198,550	-	80,975	-	-	603,682
Bad debts	6,386	-	-	-	-	-	-	-	-	-	-	-	-	6,386
	347,077	1,105,147	58,072	27,025	319,277	1,372,351	328,229	59,417	315,418	2,018	241,772	6,557	205,110	4,387,470
Excess (deficiency) of revenue over expenses, before the undernoted	35,456	101	-	(46)	1	(1,360,673)	(315,141)	5,998	313,334	648,840	42,188	-	(659,999)	(1,289,941)
Land Settlement Process: (note 9)														-
Government of Canada	-	-	-	-	-	150,000,000	-	-	-	-	-	-	-	150,000,000
Land transfer process expenses and member distributions	-	-	-	-	-	(42,205,019)	-	-	-	-	-	-	-	(42,205,019)
Annual surplus (deficit)	\$ 35,456	101	-	(46)	1	106,434,308	(315,141)	5,998	313,334	648,840	42,188	-	(659,999)	106,505,040

# MISSANABIE CREE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2021

## 11. Segmented information (continued):

	2020													
	Band government	Social services	Lands and resources	Mushkegowuk programs	Education	Land Treaty	Economic development	Community development	Restricted fund	Resource sharing	Community benefit agreements	Emergency measures	Other	Consolidated Total
Revenue:														
Deferred revenue, beginning of year	\$ 91,210	232,610	-	-	34,804	-	10,724	64,963	-	-	192,669	6,557	3,000	636,537
Indigenous Services Canada	272,707	348,709	-	-	382,025	2,209	-	82,263	-	-	-	-	-	1,087,913
Mushkegowuk Council	2,500	-	-	26,979	-	-	1,148	-	-	772,457	-	-	-	803,084
Government of Canada (note 9)	21,972	377,079	-	-	-	2,161	-	-	-	-	-	-	-	401,212
Mocreebec Council	30,250	-	-	-	-	-	-	-	-	-	-	-	-	30,250
Nishnawbe Aski Nation	-	119,417	-	-	-	-	2,823	-	-	-	-	-	-	122,240
Province of Ontario	1,300	72,362	58,072	-	-	-	6,216	-	-	-	-	-	-	137,950
Ontario First Nation Limited Partnership	-	-	-	-	-	-	-	-	627,415	-	-	-	-	627,415
Share of earnings (losses) from investment in First Nation	-	-	-	-	-	-	(207,588)	-	-	-	-	-	(480,289)	(687,877)
Other	21,582	168,062	-	-	4,297	2,149	269,185	42,100	-	350,000	237,000	-	25,400	1,119,775
Interest	-	-	-	-	-	5,159	-	-	1,337	-	-	-	-	6,496
Deferred revenue, end of year	(58,988)	(212,991)	-	-	(101,848)	-	(69,420)	(123,911)	-	(471,599)	(145,709)	-	(3,000)	(1,187,466)
	382,533	1,105,248	58,072	26,979	319,278	11,678	13,088	65,415	628,752	650,858	283,960	6,557	(454,889)	3,097,529
Expenses:														
Salaries and employee benefits	131,971	385,357	13,837	12,025	29,482	-	97,927	54,311	-	-	38,494	-	-	763,404
Professional fees	113,967	2,405	30,211	-	-	453,093	14,866	7,915	18,300	2,018	7,559	6,557	-	656,891
Rental of facilities and equipment	44,516	80,005	-	-	-	-	10,262	1,455	-	-	-	-	-	136,238
Administration	3,750	77,059	5,280	5,000	38,203	68	65,000	21,920	62,742	-	-	-	81,636	360,658
Training	1,216	2,873	-	10,000	-	-	-	-	-	-	-	-	-	14,089
Travel	55,732	65,920	6,000	-	-	6,584	64,701	154,579	-	-	3,568	-	-	357,084
Office and miscellaneous	19,334	3,585	-	-	-	-	-	-	-	-	-	-	-	22,919
Telephone	14,908	5,688	-	-	-	-	4,987	1,336	-	-	-	-	-	26,919
Honoraria	115,200	11,290	-	-	-	-	1,150	28,958	-	-	-	-	-	156,598
Insurance	36,810	96	-	-	-	34,015	265	-	-	-	-	-	-	71,186
Bank and interest charges	5,868	-	-	-	-	-	-	-	56	-	-	-	-	5,924
Materials and supplies	18,414	360,072	-	-	600	700	77,164	85,964	35,770	-	2,151	-	-	580,835
Repairs and maintenance	4,635	-	-	-	-	-	-	4,307	-	-	-	-	-	8,942
Advertising	-	8,228	-	-	-	-	-	500	-	-	-	-	-	8,728
Land tax	274	-	-	-	-	-	-	-	-	-	-	-	-	274
Amortization of tangible capital assets	3,242	-	-	-	-	-	-	-	-	-	-	-	123,474	126,716
Recovery of expenses	(322,290)	(22,881)	-	-	(305,745)	-	(35,000)	(253,597)	-	-	-	-	-	(939,513)
Tuition	-	-	-	-	92,848	-	-	-	-	-	-	-	-	92,848
Allowances	-	-	-	-	156,865	-	-	-	-	-	-	-	-	156,865
Awards	-	-	-	-	13,436	-	-	-	-	-	-	-	-	13,436
Books	-	-	-	-	17,327	-	-	-	-	-	-	-	-	17,327
Interest on long-term debt	-	-	-	-	-	877,891	-	-	-	-	-	-	-	877,891
Capital assets and equipment	9,349	138,350	2,744	-	-	-	1,675	-	-	-	109,025	-	-	261,143
Other	83,795	(12,900)	-	-	276,261	-	25,232	(48,231)	198,550	-	80,975	-	-	603,682
Bad debts	6,386	-	-	-	-	-	-	-	-	-	-	-	-	6,386
	347,077	1,105,147	58,072	27,025	319,277	1,372,351	328,229	59,417	315,418	2,018	241,772	6,557	205,110	4,387,470
Excess (deficiency) of revenue over expenses, before the undernoted	35,456	101	-	(46)	1	(1,360,673)	(315,141)	5,998	313,334	648,840	42,188	-	(659,999)	(1,289,941)
Land Settlement Process: (note 9)														-
Government of Canada	-	-	-	-	-	150,000,000	-	-	-	-	-	-	-	150,000,000
Land transfer process expenses and member distributions	-	-	-	-	-	(42,205,019)	-	-	-	-	-	-	-	(42,205,019)
Annual surplus (deficit)	\$ 35,456	101	-	(46)	1	106,434,308	(315,141)	5,998	313,334	648,840	42,188	-	(659,999)	106,505,040