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FOX LAKE CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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# **FOX LAKE CREE NATION**

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**MARCH 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Fox Lake Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Fox Lake Cree Nation and meet when required.

Chief



Councillor

Councillor

Councillor

Councillor

Councillor

## **INDEPENDENT AUDITORS' REPORT**

To the Chief, Council and Membership  
Fox Lake Cree Nation

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Fox Lake Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in net 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, except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fox Lake Cree Nation as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified 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 Financial Statements section of our report. We are independent of Fox Lake Cree Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Accounts Receivable**

We have been unable to satisfy ourselves with regard to the completeness, valuation and existence of accounts receivable and related revenues due to amounts not being properly maintained in the receivable sub-ledger, nor were documentation or agreements being retained. As a result, we were not able to assess whether potentially material adjustment were required to accounts receivable and related revenues.

### **Accounts Payable and Accrued Liabilities**

We have been unable to satisfy ourselves with regard to the existence and completeness of the accounts payable due to invoices not being entered or available for review and the sub ledgers not being properly maintained. As a result, we were not able to assess whether potentially material adjustments were required to accounts payable and accrued liabilities.

### **Joint Ventures**

We have been unable to satisfy ourselves with the rights and obligation and valuation of joint venture, due to non-availability of the information. As a result, we were not able to assess whether potentially material adjustment were required to investment and related revenue and expenses.

*(continued.....)*

## **Other Matters**

The financial statements for the year ended March 31, 2019 were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion on those financial statements on January 17, 2020.

### **Responsibilities of Management and Those Charged with Governance for the 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 Fox Lake Cree 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 Fox Lake Cree Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Fox Lake Cree Nation's financial reporting process.

### **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Fox Lake Cree Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

*(continued.....)*

- Page 3 -

- 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 Fox Lake Cree 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 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 Fox Lake Cree Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly HMA LLP*  
Chartered Professional Accountants

Winnipeg, Manitoba  
May 24, 2022

# FOX LAKE CREE NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2020

2019

### FINANCIAL ASSETS

Cash and cash equivalents	\$ 14,154,914	\$ 8,667,819
Restricted Cash (Note 3)	879,129	1,063,530
Accounts receivable (Note 4)	3,797,880	21,945,196
Investments (Note 6)	74,755,730	51,772,474
Investment in joint ventures (Note 7)	535,416	1,008,777
	<u>94,123,069</u>	<u>84,457,796</u>

### LIABILITIES

Bank indebtedness		368,993
Accounts payable & accruals (Note 8)	2,224,951	6,339,151
Deferred revenue & other long-term liabilities (Note 9)	2,800,161	1,089,623
Long-term debt (Note 10)	67,179,017	54,361,351
Leases (Note 11)	235,855	284,350
Accountable Mortgage Advances	-	522,677
Total liabilities	<u>72,439,984</u>	<u>62,966,145</u>
Net debt	<u>21,683,085</u>	<u>21,491,651</u>

### NON-FINANCIAL ASSETS

Capital assets (Note 12)	28,937,745	29,705,049
Inventory (Note 5)	47,461	60,114
Prepaid expenses & other current assets	148,754	691
Total non-financial assets	<u>29,133,960</u>	<u>29,765,854</u>
Accumulated surplus (Note 13)	<u>\$ 50,817,045</u>	<u>\$ 51,257,505</u>

Approved on behalf of Council



Chief



Councillor

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# FOX LAKE CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
<b>REVENUE</b>			
Indigenous Services Canada	\$ 1,952,503	\$ 1,547,299	
First Nations and Inuit Health	1,718,552	1,400,752	
Canada Mortgage and Housing Corporation	126,495	93,069	
I.S.C. clawback	( 50,554)		
Funding recoveries	( 127,122)	( 11,241)	
Province of Manitoba	73,391	66,604	
Manitoba Hydro	4,204,968	3,789,757	
Administration fees	(30,071)	(32,854)	
Contributions	348,259		
Gaming revenue	968,790	1,022,175	
Income from long term investments	788,332	152,566	
Investment income	9,542,421	17,262,095	
Other revenue	2,109,936	2,110,476	
Rental income	667,444	1,218,760	
Sales	322,367	198,767	
Deferred revenue from prior year	1,089,623	316,983	
Deferred revenue to following year	( 2,800,161)	( 1,089,623)	
	<u>20,905,173</u>	<u>28,045,585</u>	
<b>EXPENDITURES</b>			
Governance and administration	3,864,909	3,231,390	
Economic development	9,770	63,266	
Social services	350,794	310,135	
Health	1,180,112	1,115,711	
Public works	1,381,106	1,455,848	
Implementation and future development	3,105,066	2,744,465	
Operating programs	488,248	321,300	
Education	56,651	39,782	
Nikanihk Itapowin Trust	884,599	191,071	
Band housing	2,336,765	1,756,396	
CMHC housing	149,906	135,342	
Capital and capital projects		7,988	
First Nation programs	6,560,402	12,569,866	
Gaming centre and smoke shop	<u>977,305</u>	<u>995,784</u>	
	<u>21,345,633</u>	<u>24,938,344</u>	
ANNUAL SURPLUS (DEFICIT)	- ( 440,460)	3,107,241	
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>51,257,505</u>	<u>51,257,505</u>	<u>48,150,264</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 51,257,505</u>	<u>\$ 50,817,045</u>	<u>\$ 51,257,505</u>

# FOX LAKE CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2020	2019
Annual deficit	\$ _____ -	\$ <u>( 440,460 )</u>	\$ <u>3,107,241</u>
Acquisition of tangible capital assets		( 2,915,342 )	( 4,006,965 )
Tangible capital assets acquired via capital lease			( 303,560 )
Amortization of tangible capital assets		3,527,288	3,025,835
Disposal of tangible capital assets		68,488	
Asset under construction disposal		1,133,170	
Acquisition of construction in progress	<u>_____ -</u>	<u>( 1,046,300 )</u>	<u>_____ -</u>
	<u>_____ -</u>	<u>767,304</u>	<u>( 1,284,690 )</u>
Acquisition of supplies and inventories		( 47,461 )	( 60,114 )
Acquisition of prepaid expenses		( 148,754 )	( 691 )
Use of supplies and inventories		60,114	51,586
Consumption of prepaid expenses	<u>_____ -</u>	<u>691</u>	<u>68,302</u>
	<u>_____ -</u>	<u>( 135,410 )</u>	<u>59,083</u>
CHANGE IN NET ASSETS FOR YEAR	<u>_____ -</u>	<u>191,434</u>	<u>1,881,634</u>
NET ASSETS, <i>beginning of year</i>	<u>21,491,651</u>	<u>21,491,651</u>	<u>19,610,017</u>
NET ASSETS, <i>end of year</i>	<u>\$ 21,491,651</u>	<u>\$ 21,683,085</u>	<u>\$ 21,491,651</u>

# FOX LAKE CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

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### CASH FLOW FROM

#### *OPERATING ACTIVITIES*

Cash received from funding and other sources	\$ 40,763,027	\$ 28,503,485
Cash paid to suppliers and employees	<u>(20,980,325)</u>	<u>(24,938,344)</u>
	<u><b>19,782,702</b></u>	<u><b>3,565,141</b></u>

#### *CAPITAL ACTIVITIES*

Acquisition of tangible capital assets and construction in progress	( 2,671,189)	( 4,006,965)
Sale of tangible capital assets	<u>68,488</u>	<u>-</u>
	<u><b>( 2,602,701)</b></u>	<u><b>( 4,006,965)</b></u>

#### *INVESTING ACTIVITIES*

Change in investment in joint ventures	419,934	( 6,927)
Change in investment	<u>( 10,838,156)</u>	<u>( 214,352)</u>
Restricted cash	<u>( 184,401)</u>	<u>( 404,513)</u>
	<u><b>( 10,602,623)</b></u>	<u><b>( 625,792)</b></u>

#### *FINANCING ACTIVITIES*

Proceeds from long term debt	951,841	2,245,862
Repayment of long term debt	<u>( 1,624,636)</u>	<u>( 175,725)</u>
Repayment of capital lease obligation	<u>( 48,495)</u>	<u>( 19,210)</u>
Accountable mortgage advance	<u>-</u>	<u>522,677</u>
	<u><b>( 721,290)</b></u>	<u><b>2,573,604</b></u>

#### NET INCREASE IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u><b>8,298,826</b></u>	<u><b>6,792,838</b></u>
CASH, <i>end of year</i>	<u><b>\$ 14,154,914</b></u>	<u><b>\$ 8,298,826</b></u>

#### CASH COMPRISED OF

Cash and cash equivalents	\$ 14,154,914	\$ 8,667,819
Bank indebtedness	<u>-</u>	<u>( 368,993)</u>
	<u><b>\$ 14,154,914</b></u>	<u><b>\$ 8,298,826</b></u>

# Fox Lake Cree Nation

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 1. NATURE OF OPERATIONS

Fox Lake Cree Nation (the "Cree Nation") is located in the Province of Manitoba, and provides various services to its Members. Fox Lake Cree Nation includes the Cree Nation government and all related entities that are accountable to the Cree Nation and are either owned or controlled by the Cree Nation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and include the following significant accounting policies:

#### *REPORTING ENTITY*

The Fox Lake Cree Nation reporting entity includes the Fox Lake Cree Nation government and all related entities which are accountable to the Cree Nation and are either owned or controlled by the Cree Nation. Trusts administered on behalf of third parties by Fox Lake Cree Nation are excluded from the Cree Nation reporting entity.

These consolidated financial statements combine the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to combination:

• Fox Lake Cree Nation Band	• Fox Lake Social
• Fox Lake Ventures LP	• Fox Lake Ventures Ltd.
• Fox Lake Construction LP	• Fox Lake Construction Ltd.
• Fox Lake Rentals LP	• Fox Lake Rentals Ltd.
• Fox Lake Land LP	• Fox Lake Land Corporation
• Makeso Land LP	• Makeso Land Corporation
• FLCN Keeyask Investment Inc.	• Nikanihk Itapowin (Future Vision) Trust
• Fox Lake Health	• Fox Lake CMHC Housing Authority
• Fox Lake Smoke Shop	• Fox Lake Gaming Centre
• Fox Lake Implementation & Future Development Office	• Gillam Insurance Agency Ltd

All inter-entity balances have been eliminated on consolidation.

Fox Lake Cree Nation partnerships, which are owned or controlled by the Cree Nation's Council but not dependent on the Cree Nation for their continuing operations, are included in the consolidated financial statements. Fox and York Keeyask Joint Venture is accounted for using the modified equity method. The Cree Nation's investment 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.

Portfolio investments, which are owned by Fox Lake Cree Nation but not controlled or influenced by the Cree Nation, are accounted for using the cost method. Any impairment in these investments which is other than temporary is charged against the amount the investment is reported. The Cree Nation has a portfolio investment in Keeyask Hydro Power Limited Partnership.

#### *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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *CASH AND CASH EQUIVALENTS*

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### *INVESTMENTS*

##### *Investments in First Nation Partnerships*

The Cree Nation follows the modified equity method to account for its investments in Fox and York Keeyask Joint Venture and A Kwis Mahka Joint Venture. The investments are stated at cost plus (less) the Cree Nations's share of earnings (losses) since acquisition plus (less) capital and operating transfers to (from) the business enterprises. The consolidated statement of operations includes the annual surplus (deficit) for the year ended March 31, 2020.

##### *Portfolio Investments*

Marketable securities and portfolio investments are recorded at the lower of cost and fair market value.

##### *Funds held in trust*

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

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

#### *FINANCIAL ASSETS*

The Cree Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Cree 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*

The Cree Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

#### *ASSET CLASSIFICATION*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *INVENTORY*

Inventory is valued at the lower of cost and net realizable value with the cost being determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

#### *TANGIBLE CAPITAL ASSETS*

Tangible capital assets are initially recorded at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following rates.

Buildings	5%
Equipment	10%
Computer	25%
Equipment under capital lease	10%
Vehicles	20%

#### *ASSETS UNDER CONSTRUCTION*

Assets under construction represents the total cost of assets being constructed that are not available for use. When the construction phase has been completed and the assets are available for use they are recorded as tangible capital assets. Assets under construction are not amortized until the assets are put into use.

#### *LONG-LIVED ASSETS*

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Cree Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the Cree Nation. Any impairment is included in operations for the year.

#### *REVENUErecognition*

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Cree Nation recognizes VLT revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Manitoba Liquor and Lotteries Corporation. Management believes that it is appropriate to present these commissions net of gaming revenue as these amounts are fixed as per their agreement with Manitoba Liquor and Lotteries Corporation.

Rent and resident fees are recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

#### *EMPLOYEE FUTURE BENEFITS*

The Cree Nation's employee future benefit programs consist of defined contribution pension plans. The Cree Nation's contributions to the defined contribution plans are expensed as incurred.

#### *FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, restricted cash, portfolio investments, bank indebtedness, accounts payable and accrued liabilities, long term debt, and accountable mortgage advances. Unless otherwise stated, it is management's opinion that the Cree Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

#### *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 assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Items requiring significant estimates include the allowance for doubtful accounts and the useful life of tangible capital assets.

#### *LIABILITY FOR CONTAMINATED SITES*

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites when contamination exceeding an environmental standard exists, the Cree Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the Cree Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Cree 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.

#### *SEGMENTS*

The Cree Nation conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Cree Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The Cree Nation's segments are as follows:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

*Band Housing* - includes the management and maintenance of houses for community members.

*CMHC Housing* - activities include the management and maintenance of CMHC houses for community members.

*Capital and Capital Projects* - includes the operations and maintenance of all reserve housing.

*Economic Development* - includes the activities of the Cree Nation's economic development initiatives.

*Education* - activities include overseeing many aspects of educational opportunities for its members at all levels of learning both within the community and externally.

*Governance and Administration* - activities include the governance function relating to decisions that define expectations, grant power, or verify performance consisting of decision-making and leadership processes.

*Health* - activities include delivering health services to the Cree Nation.

*Implementation & Future Development Office* - focus is to train band members in trades which will enable them to work within the hydroelectric development plants and, upon completion, have the skills to continue to work outside the hydroelectric plant.

*Nikanihk Itapowin Trust* - the result of negotiations in 2004 with Manitoba Hydro and the Province of Manitoba on past grievances. These funds are deemed by the Fox Lake Cree Nation Chief and Council to be used for assisting in the development of current and future generations of the Fox Lake Cree Nation membership.

*Operating Programs* - reports on other operations of the Cree Nation.

*Public Works* - activities include the development and maintenance of the community's infrastructure, buildings, roads, bridges, and related equipment and the provision of other more specialized community services.

*Social Services* - activities include satisfying the economic, social, or health related needs of members of the community who require assistance.

*Ventures* - activities include providing goods and services in relation to hydro-electric development projects.

*Construction* - activities include providing construction services.

*Keeyask Investment* - holds a limited partnership interest in the Keeyask Hydropower Limited Partnership on behalf of the Fox Lake Cree Nation. The limited partnership will construct, own, and operate the Keeyask Generating Station.

*Rentals* - activities include providing equipment and vehicle rentals.

*Land Holdings* - holds land assets for the Cree Nation.

*Gaming Centre* - activities include providing a form of gaming entertainment for community members which generates revenue for discretionary needs of community members.

*Smoke Shop* - activities include the sale of tobacco and other miscellaneous items to community members which generates revenue for discretionary needs of community members.

*Gillam Insurance Agency Ltd.* - activities include the sale of general insurance and autopac insurance products and services to community members.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 3. RESTRICTED CASH

#### *CMHC Replacement Reserve*

As required as part of the Cree Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to tangible capital assets. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2020, \$297,787 \$ (2019 - \$16,196) had been deposited, leaving an unfunded balance of \$0 (2019 - \$230,516).

#### *CMHC Operating Surplus Reserve*

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in an operating surplus reserve. The reserve is to be comprised of monies deposited in a separate bank accounts and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants. At March 31, 2020, the reserve has been funded in a separate interest bearing account, with a balance of \$283,126. This amount was deposited by the Cree Nation to cover the deficits in the replacement reserve and operating reserve.

#### *Cash*

The Nikanihk Itapowin (Future Vision) Trust is a separately maintained fund of the Fox Lake Cree Nation. The Trust is the result of negotiations, in 2004, with Manitoba Hydro and the Province of Manitoba on past grievances. These funds are deemed by the Fox Lake Cree Nation to be used for assisting in the development of current and future generations of the Fox Lake Cree Nation membership.

#### *Ottawa Trust Fund*

The Ottawa Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust Fund is recognized in the year in which it is earned, when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the Cree Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Cree Nation's Chief and Council.

		2 0 2 0	2 0 1 9
Capital Trust	\$1,635 (2019- \$1,635); interest revenue \$nil (2019- \$nil)		
Revenue Trust	\$13,255 (2019- \$13,019); interest revenue \$236 (2019-\$328)		
		2 0 2 0	2 0 1 9
GIC - Matures October 31, 2020 with interest 1.80% per annum	\$ 500,000	\$ 500,000	
CMHC Replacement Reserve	<u>297,787</u>	16,196	
Cash	<u>66,452</u>	532,680	
Ottawa Trust Fund	<u>14,890</u>	<u>14,654</u>	
	<u>\$ 879,129</u>	<u>\$ 1,063,530</u>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 4. ACCOUNTS RECEIVABLE

	2 0 2 0	2 0 1 9
Manitoba Hydro	\$ 693,510	\$ 12,162,209
Indigenous Services Canada	613,456	1,528,973
Employee, member advances and rents receivable	552,151	539,817
Canada Mortgage and Housing Corporation	16,112	7,755
Other accounts receivable	1,879,821	6,459,994
GST receivables	232,936	119,249
Related Party - Joint Ventures	200,000	1,286,837
DBA Sodexo Canada Ltd.	60,081	429,222
First Nations and Inuit Health	<u>174,640</u>	-
Subtotal	<u>4,422,707</u>	22,534,056
Less: Allowance for doubtful accounts	<u>( 624,827)</u>	<u>( 588,860)</u>
	<u><u>\$ 3,797,880</u></u>	<u><u>\$ 21,945,196</u></u>

## 5. INVENTORY

	2 0 2 0	2 0 1 9
Smoke Shop inventory	\$ 42,829	\$ 60,114
Smoke Shop POS	<u>4,632</u>	-
	<u><u>\$ 47,461</u></u>	<u><u>\$ 60,114</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 6. INVESTMENTS

	2 0 2 0	2 0 1 9
Keeyask Hydro Power Limited Partnership - 5%		
Cost	\$ 54,541,666	\$ 45,056,666
Deferred interest charges	<u>7,377,414</u>	<u>4,717,544</u>
	<u><b>\$ 61,919,080</b></u>	<u><b>\$ 49,774,210</b></u>
Guaranteed Investment Certificates		
Matures April 2, 2020, interest bearing at 2% per annum	\$ 116,456	\$ 116,226
Matures September 22, 2020, interest bearing at 0.50% per annum	<u>180,000</u>	<u>180,000</u>
	<u><b>\$ 296,456</b></u>	<u><b>\$ 296,226</b></u>
Mutual Fund Investments, cost		
Sun Life Financial	\$ 186,168	\$ 186,168
Assante Wealth Management Managed Assets	<u>12,354,026</u>	<u>1,515,870</u>
	<u><b>\$ 12,540,194</b></u>	<u><b>\$ 1,702,038</b></u>
	<u><b>\$ 74,755,730</b></u>	<u><b>\$ 51,772,474</b></u>

*Keeyask Hydro Power Limited Partnership*

The Cree Nation owns 350 Class K units and 150 Class E units in the Keeyask Hydro Power Limited Partnership ("KHP") for a total of \$54,541,667 (March 31, 2019 - \$45,056,666). Deferred interest charges of \$7,377,414 as at March 31, 2020 (March 31, 2019 - \$4,717,544) represent accrued interest on the loan with Manitoba Hydro related to the Cree Nation's investment in KHP. These interest charges will continue to be carried at cost and expensed against related partnership income.

*Mutual Fund Investment*

The market value of the investment at March 31, 2020 as reported by Sun Life Financial is \$188,892 (2019 - \$185,997).

The market value of the investment at March 31, 2020 as reported by Assante Wealth Management is \$12,354,026 (2019 - \$2,020,430).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 7. INVESTMENTS IN JOINT VENTURES

	2 0 2 0	2 0 1 9
Fox and York Keeyask Joint Venture (FYKJV) - 50% Equity Method		
Investment cost	\$ 1	\$ 1
Cumulative share of (loss)	( 49,920)	( 36,340)
Advances	413,501	412,606
Impairment	( 99,839)	( 72,678)
	<u>263,743</u>	<u>303,589</u>
A Kwis Mahka Joint Venture (AKKMJV) - 50% Equity Method		
Investment cost	1	1
Cumulative share of income	<u>271,672</u>	<u>705,187</u>
	<u>271,673</u>	<u>705,188</u>
	<u><u>\$ 535,416</u></u>	<u><u>\$ 1,008,777</u></u>

The following table present condensed financial information for joint ventures accounted for using modified equity method.

	FYKJV March 31, 2020	AKKMJV May 31, 2020	2 0 2 0	2 0 1 9
Cash	\$ 201,747	\$ 606,418	\$ 808,165	\$ 4,725,708
Account Receivable	196,237	58,861	255,098	5,014,032
Property and equipment	<u>4,196</u>	<u>-</u>	<u>4,196</u>	<u>3,779</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 402,180</u></b>	<b><u>\$ 665,279</u></b>	<b><u>\$ 1,067,459</u></b>	<b><u>\$ 9,743,519</u></b>
Account Payable and Accrual	\$ 89,478	\$	\$ 89,478	\$ 2,892,421
Due to Fox Lake Construction LP				4,786,187
Due to Fox Lake Venture LP	412,541		412,541	412,606
Manitoba Hydro Advance	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,533</u>
<b>TOTAL LIABILITIES</b>	<b><u>502,019</u></b>	<b><u>-</u></b>	<b><u>502,019</u></b>	<b><u>8,123,747</u></b>
<b>JOINT VENTURE CAPITAL</b>	<b><u><u>\$ ( 99,839)</u></u></b>	<b><u><u>\$ 665,279</u></u></b>	<b><u><u>\$ 565,440</u></u></b>	<b><u><u>\$ 1,619,772</u></u></b>
REVENUE	\$ 445,499	\$ 2,066,845	\$ 2,512,344	\$ 19,451,551
EXPENDITURES	<u>472,662</u>	<u>6,724,356</u>	<u>7,197,018</u>	<u>17,774,799</u>
<b>NET INCOME (LOSS)</b>	<b><u><u>\$ ( 27,163)</u></u></b>	<b><u><u>\$ ( 4,657,511)</u></u></b>	<b><u><u>\$ ( 4,684,674)</u></u></b>	<b><u><u>\$ 1,676,752</u></u></b>

#### Fox Lake York Keeyask Joint Venture (FYKJV)

Fox Lake Cree Nation and York Factory Nation agrees to create a business partnership, to be called the Fox Lake York Keeyask Joint Venture. The purpose of the joint venture is to provide employment retention and support services.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

7. INVESTMENTS IN JOINT VENTURES *(continued)*A Kwis Mahka Joint Venture (AKKMJV)

Fox Lake Ventures Limited Partnership entered in to a joint venture with 50% ownership with Oodanooketoh Incorporated, operating as A Kwis Mahka Joint Venture ("AKKMJV"). The main purpose is to perform the decommissioning of Leewatinohk Camp.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Trade payables and accruals	\$ 1,754,853	\$ 5,113,857
Wages and benefits payable	157,972	97,862
Taxes payable	184,783	893,087
Indigenous Services Canada	127,122	234,124
First Nations and Inuit Health	<u>221</u>	<u>221</u>
	<u><u>\$ 2,224,951</u></u>	<u><u>\$ 6,339,151</u></u>

## 9. DEFERRED REVENUE

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
A & C Water Systems	\$ 263,031	\$ 151,136
Community Buildings	126,520	
Community Well Being	59,122	
Discussion Tables	67,785	
Pandemic Response	<u>400,000</u>	-
Renovations Project	<u>916,458</u>	<u>151,136</u>
First Nation Inuit Health		
Jordan's Principle	1,517,996	899,430
Other programs		
Climate Change	27,393	39,057
Adverse Effect	282,536	
Relationship Manager	<u>55,778</u>	-
	<u>365,707</u>	<u>39,057</u>
	<u><u>\$ 2,800,161</u></u>	<u><u>\$ 1,089,623</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

### 10. LONG TERM DEBT

	2 0 2 0	2 0 1 9
Phase 2: CMHC mortgage repayable in monthly payments of \$1,429 including interest at 2.39%, maturity date of October 1, 2027 with a renewal date of February 1, 2023, secured by a Ministerial guarantee and assignment of fire insurance for a four-unit rental housing project.	\$ 118,830	\$ 132,957
Phase 3: CMHC mortgage repayable in monthly payments of \$938 including interest at 2.01%, maturity date of June 1, 2028 with a renewal date of October 1, 2019, secured by a Ministerial guarantee and assignment of fire insurance for a two-unit rental housing project.	86,514	95,017
Phase 5: CMHC mortgage repayable in monthly payments of \$1,696 including interest at 2.39%, maturity date of March 1, 2033 with a renewal date of March 1, 2023, secured by a Ministerial guarantee and assignment of fire insurance for a six-unit rental housing project.	227,446	242,189
Phase 6: CMHC mortgage repayable in monthly payments of \$4,101 including interest at 1.77%, maturity date of November 1, 2029 with a renewal date of November 1, 2019, secured by a Ministerial guarantee and assignment of fire insurance for a five-unit rental housing project.	817,534	851,974
Phase 7: CMHC mortgage repayable in monthly payments of \$4,031 including interest at 1.73%, maturity date of August 1, 2039 with a renewal date of August 1, 2024, secured by a Ministerial guarantee and assignment of fire insurance for a four-unit rental housing project.	797,771	
Manitoba Hydro loan to be repaid from a percentage of Fox Lake Keeyask Investment Inc. (FLKII)'s share of income from Keeyask Hydro Power Limited Partnership (KHP). Interest on this loan accrues at 3.52% (3.74% at March 31, 2019), compounded monthly, secured by FLKII's units in KHP and all distributions on those units. The total balance of this loan includes accrued interest payable of \$7,377,414 (2019 - \$4,717,544).	61,469,081	49,324,210
Loan payable in monthly payments of \$1,223 including interest at 3.49% per annum, maturity date of October 2023. Secured by vehicle with a net book value of \$59,082.	49,384	61,711
Loan payable in monthly payments of \$719 including interest at 3.49% per annum, maturity date of October 2023. Secured by vehicle with a net book value of \$37,513.	28,674	35,833
Mortgage repayable in monthly payments of \$6,146 including interest at 4.50% per annum, maturity date of September 2023. Secured by building and land with a net book value of \$1,530,875. (*)	936,613	967,857

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

10. LONG TERM DEBT *(continued)*

Loan payable in monthly payments of \$2,175 including interest at 6.70% per annum, maturity date of October 2023. Secured by heavy equipment with a net book value of \$113,437.	2 0 2 0	2 0 1 9
	\$ 81,199	\$ 99,527
Loan payable in monthly payments of \$9,366 including interest at 6.70% per annum, maturity date of October 2023. Secured by heavy equipment with a net book value of \$559,693.	357,159	442,493
Loan payable in monthly payments of \$7,264 including interest at 6.70% per annum, maturity date of October 2023. Secured by heavy equipment with a net book value of \$426,313.	277,016	343,201
Loan payable in monthly payments of \$1,271 including interest at 3.49% per annum, maturity date of October 2023. Secured by vehicle with a net book value of \$61,064.	51,286	64,089
Loan payable in monthly payments of \$1,271 including interest at 3.49% per annum, maturity date of October 2023. Secured by vehicle with a net book value of \$61,064.	51,286	64,089
Loan payable in monthly payments of \$1,243 including interest at 3.49% per annum, maturity date of October 2023. Secured by vehicle with a net book value of \$59,888.	50,157	62,678
Loan payable in monthly payments of \$3,013 including interest at 7.85% per annum, maturity date of July 2024. Secured by vehicle with a net book value of \$164,654.	130,339	
Loan payable in monthly payments of \$864 including interest at 7.00% per annum, maturity date of September 2022. Secured by general security agreement, specific assignment of ISC funds and chattel mortgage over vehicle.	23,731	
Manitoba Hydro - Keeyask/Conawapa/SCHIP/HGD Claims (see description)	558,328	529,974
Manitoba Hydro - Rental Advance (see description)	100,000	100,000
Manitoba Hydro - Training Plan (2002) (see description)	<u>966,669</u>	<u>943,552</u>
	<u><u>\$ 67,179,017</u></u>	<u><u>\$ 54,361,351</u></u>

The scheduled principal amounts payable within the next five years, assuming long-term debt subject to refinancing is renewed, is estimated to be as follows:

March 31, 2021	\$ 464,503
2022	484,912
2023	501,295
2024	392,300
2025	231,689

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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### 10. LONG TERM DEBT (*continued*)

#### *Keeyask/Conawapa/SCHIP/HGD Claims*

Amount owing to Manitoba Hydro as a result of a review of reimbursement payments made to the Cree Nation by Manitoba Hydro during the period April 2007 through to March 2010 inclusive, in four programs, known as the Keeyask Project planning process, Conawapa Project planning process, Harmonized Gillam Development and the Social Cultural Health Impact Study ("SCHIP").

\$382,610 is to be paid to Manitoba Hydro on or before January 1, 2030 with interest at the rate of 5.35% compounded annually beginning on January 1, 2013. To the extent that the Cree Nation may be in default, Manitoba Hydro shall be entitled to off-set any monies owing to the Cree Nation on account of adverse effects payments or on account of revenues, from either the Keeyask Project, or the Conawapa Project against the amounts owing.

#### *Rental Advance*

Rental advance is repayable 30 days after the completion of the Keeyask project future development ("Final Closing Date"). This advance is non-interest bearing until the Final Closing Date. However, in lieu of paying the outstanding amount on that date, the Cree Nation may elect at the Final Closing Date to repay the entire outstanding amount or, any unpaid balance not paid on the 30th day after the Final Closing Date may be repaid over a ten year period with the ten year bond rate or, alternatively, over a 20 year period with the 20 year bond rate. The interest shall accrue, calculated and compounded annually, at the applicable rates commencing on the 30th day after the Final Closing Date. The rental advance is unsecured.

#### *Training Plan (2002)*

Manitoba Hydro advanced a repayable financial contribution in the amount of \$518,000 to fund the Cree Nation's member training plan for 2002-2003. The Cree Nation and Manitoba Hydro agree that the contribution plus interest, thereon calculated at a rate per annum equal to the prime rate of interest established from time to time by the Royal Bank of Canada, will be repaid and constitute a charge against the net income received or to be received by the Cree Nation from its equity interest in the Keeyask Project. The training plan is unsecured.

Manitoba Hydro at its option may demand repayment of the monies contributed by Manitoba Hydro pursuant to the agreement together with all interest earned thereon; deduct and set off the amount contributed together with all interest earned thereon, from and against any other obligation or liability of Manitoba Hydro to Fox Lake Cree Nation; or release its right to repayment of the contribution and apply the amount thereof towards any future programs of benefit to the Cree Nation, which Manitoba Hydro may, in its sole discretion, put in place.

Prime rate as at March 31, 2020 was 2.45% (2019 - 3.95%).

(\*) The mortgage payable is subject to certain financial and non-financial covenants. Fox Lake Ventures LP (the "Borrower") is in compliance with all financial covenants, but not the non-financial covenants, which include the submission of financial statements for the Borrower within 150 days of year end, and the maintenance of a capital reserve account with the financial institution equal to 1.00% of gross revenue (calculated as \$17,162 as at March 31, 2020; \$28,736 in 2019). In lieu of the capital reserve, the Borrower has offered a GIC in the amount of \$500,000 held with the financial institution as security against this capital reserve amount.

As a result, this GIC is included in restricted cash as described in Note 3. Once the financial statements are provided to the financial institution, the Borrower will be able to use these funds to establish the capital reserve. The financial institution has agreed not to demand repayment of the mortgage as a result of this non-compliance.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****11. CAPITAL LEASE OBLIGATION****2020****2019**

Capital lease payable in monthly payments of \$6,109 including interest at 3.85% during the first year and 4.85% thereafter. \$ 235,855 \$ 284,350  
Secured by two vehicles with a net book value of \$288,382.

Minimum lease payments related to the obligation under capital lease is as follows:

2021	\$ 73,308
2022	73,308
2023	73,308
2024	<u>37,021</u>
	\$ 256,945
Less: imputed interest	<u>21,090</u>
Balance of obligation	<u>\$ 235,855</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 12. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals,	Write-offs & Adjustments	Opening Balance	Amortization	Disposals,	Write-offs & Adjustments	Total	Total
Land	\$ 1,548,337	\$	\$	\$ 1,548,337	\$ 10,950,223	\$ 1,586,335	\$	\$	\$ 1,548,337	\$ 1,548,337
Buildings	32,218,044		8,875	32,209,169	685,354	91,896			19,672,611	21,267,821
CMHC Housing	2,489,019	1,150,651		3,639,670	266,724	46,825	15,770	777,250	2,862,420	1,803,665
Computers	347,521	7,434	15,770	339,185	5,217,215	703,992			41,406	80,797
Equipment	6,440,225	853,983	25,200	7,269,008	1,481,359	1,098,240	73,025	5,921,207	1,347,801	1,223,010
Vehicles	4,129,608	903,274	107,438	4,925,444					2,418,870	2,648,249
Assets under construction	<u>1,133,170</u>	<u>1,046,300</u>	<u>1,133,170</u>	<u>1,046,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,300</u>	<u>1,133,170</u>
	<u>\$ 48,305,924</u>	<u>\$ 3,961,642</u>	<u>\$ 1,290,453</u>	<u>\$ 50,977,113</u>	<u>\$ 18,600,875</u>	<u>\$ 3,527,288</u>	<u>\$ 88,795</u>	<u>\$ 22,039,368</u>	<u>\$ 28,937,745</u>	<u>\$ 29,705,049</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 13. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2 0 2 0	2 0 1 9
Ottawa Trust Funds	\$ 14,890	\$ 14,654
CMHC replacement reserve required amount	234,000	246,712
CMHC operating surplus reserve required amount	12,949	14,391
Investments in Joint Ventures	535,416	1,008,777
Invested in tangible capital assets	23,251,182	25,434,407
Unrestricted accumulated surplus	<u>26,768,608</u>	<u>24,538,564</u>
	<u>\$ 50,817,045</u>	<u>\$ 51,257,505</u>

## 14. JOINT VENTURES

The Cree Nation has entered into the following joint venture arrangements:

- Fox Lake Venture Limited Partnership (51% ownership) entered into a joint venture arrangement with Sodexo Canada Ltd. (49% ownership) which is called Fox and Sodexo Keewatinooj Joint Venture. This was formed to provide food service, housekeeping, janitorial and security services to the Manitoba Hydro Keewatinooj Camp. The Cree Nation is entitled to 51% of gross profit, after a 2.5% commission on gross revenue is deducted.
- The Cree Nation (33.3% ownership) entered into a joint venture arrangement with Sodexo Canada (33.3% ownership) and York Factory First Nation (33.3% ownership) which is called FLCN/YFFN/Sodexo Joint Venture. This was formed to provide catering and security services to the Manitoba Hydro Keeyask Camp. The Cree Nation is entitled to 33% of gross profit, after a 1.5% commission on gross revenue is deducted.
- The Cree Nation (50% ownership) entered into a joint venture arrangement with Sodexo Canada (50% ownership) which is called FLCN/Sodexo Joint Venture. This was formed to provide catering, janitorial and housekeeping services to the Manitoba Hydro Kettle Camp. The Cree Nation is entitled to 50% of gross profit, after a 2% commission on gross revenue is deducted.
- Fox Lake Venture Limited Partnership (51% ownership) entered into a joint venture arrangement with Newton Mechanical/Electrical Inc. (49% ownership) which is called Fox Lake and Newton Mechanical Joint Venture. This was formed to provide mechanical services to Manitoba Hydro's Bipole II and Keewatinooj projects. The Cree Nation is entitled to 51% of gross profit, after a 2% commission on gross revenue is deducted.

These entities are accounted for using the modified equity method. Accounts receivable includes \$60,081 (2019 - \$429,222) related to these joint ventures at March 31, 2020.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

## 15. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

		2 0 2 0	2 0 1 9
Per agreement:	#1819-MB-000034	1,952,503	1,547,299
	#1516-MB-000073	<u>1,718,552</u>	<u>1,400,752</u>
<b>TOTAL I.S.C. REVENUE PER FUNDING CONFIRMATION</b>		<b><u>\$ 3,671,055</u></b>	<b><u>\$ 2,948,051</u></b>
Revenue as per Statement of Operation (Statement 2)			
Indigenous Services Canada		1,952,503	1,547,299
First Nations and Inuit Health		<u>1,718,552</u>	<u>1,400,752</u>
<b>TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS</b>		<b><u>\$ 3,671,055</u></b>	<b><u>\$ 2,948,051</u></b>

## 16. ECONOMIC DEPENDENCE

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

## 17. COMPLIANCE WITH LAWS AND REGULATIONS

## The Manitoba Environmental Protection Act

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping, ongoing environmental monitoring, site inspection and maintenance. As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the Cree Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****18. BUDGET**

The Fox Lake Cree Nation has not prepared a complete consolidated budget for the year ended March 31, 2020. Accordingly, budget figures are not presented in these consolidated financial statements.

**19. COMPARATIVE FIGURES**

Certain prior year comparative amounts have been reclassified where necessary to conform to the presentation adopted for the current year.

**20. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 2 0	2 0 1 9
Administration	\$ 63,989	\$ 82,324
Advertising	12,563	11,523
Amortization of capital assets	3,527,288	3,025,835
Bad debts	947,498	94,157
Bank and interest charges	213,948	166,881
Community activities	478,692	439,483
Contract services	662,342	
Cost of sales	208,624	97,987
Equipment	27,624	225,876
Insurance	297,189	356,978
Interest on long term debt	34,402	28,838
Loss on Investment	369	11
MLC commission and fees	183,991	188,753
Office expenses	109,539	178,159
Other	1,072,592	1,638,198
Professional fees	1,408,093	753,499
Program costs	308,945	374,229
Repairs and maintenance	532,337	907,720
Rent	1,577,814	6,550,278
Salaries and benefits	7,009,702	7,507,474
Social assistance	250,194	
Student support	25,095	22,132
Supplies	579,649	749,065
Telephone	146,160	124,408
Travel	865,993	767,171
Training	360,018	335,559
Tuition	61,353	28,930
Utilities	379,630	282,876
	<u>\$ 21,345,633</u>	<u>\$ 24,938,344</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

### 21. SEGMENT DISCLOSURE

Fox Lake Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The segment results for the year are as follows:

	Government and Administration		Economic Development		Social Services		Health		Public Works	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>										
Federal Government										
I.S.C.	\$ 612,363	\$ 724,433	\$ 89,418	\$ 58,396	\$ 310,594	\$ 251,025	\$ 1,718,552	\$ 1,400,752	\$ 415,653	\$ 494,719
F.N.I.H.										
C.M.H.C.										
Deferred from prior year										
Deferred to following year	(\$ 253,427)	(\$ 724,433)	(\$ 89,418)	(\$ 58,396)	(\$ 310,594)	(\$ 251,025)	(\$ 1,517,996)	(\$ 899,430)	(\$ 263,031)	(\$ 151,136)
Subtotal	358,936	724,433	89,418	58,396	310,594	251,025	1,099,986	818,305	303,758	343,583
Other revenue	4,584,554	860,146	-	-	(50,554)	-	(24,420)	-	352,353	686,840
Total revenue	4,943,490	1,584,579	89,418	58,396	260,040	251,025	1,075,566	818,305	656,111	1,030,423
<b>Expenses</b>										
Amortization	1,454,331	1,412,701								
Debt servicing										
Other	1,252,648	855,542	9,770	63,266	281,070	240,007	579,385	546,790	787,916	789,023
Salaries and benefits	1,157,930	963,147	-	-	69,724	70,128	558,054	553,462	593,190	666,825
Total expenses	3,864,909	3,231,390	9,770	63,266	350,794	310,135	1,180,112	1,115,711	1,381,106	1,455,848
Surplus (Deficit)	\$ 1,078,581	(\$ 1,646,811)	\$ 79,648	\$ (4,870)	\$ (90,754)	\$ (59,110)	\$ (104,546)	\$ (297,406)	\$ (724,995)	\$ (425,425)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**YEAR ENDED MARCH 31, 2020**

### 21. SEGMENT DISCLOSURE *(continued)*

	Implementation and Future Development		Operating Program		Education		Nikanhik Itapowin Trust		Band Housing	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>										
Federal Government										
I.S.C.	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
F.N.I.H.										
C.M.H.C.										
Deferred from prior year	39,057									
Deferred to following year	(365,707)	(39,057)	-	-	-	-	-	-	(400,000)	-
Subtotal	(326,650)	(39,057)	-	-	31,306	18,726	-	-	93,169	
Other revenue	3,244,714	2,724,030	220,626	5,420,670	(63,072)	-	1,048,788	192,969	657,306	584,425
Total revenue	2,918,064	2,684,973	220,626	5,420,670	(31,766)	18,726	1,048,788	192,969	750,475	584,425
<b>Expenses</b>										
Amortization	16,439	23,886					579	1,113	949,303	1,002,414
Debt servicing	52,206	63,898								
Other	1,354,190	1,100,289	328,842	144,351	24,008	20,521	871,263	176,852	1,096,741	493,527
Salaries and benefits	1,682,231	1,556,392	159,406	176,949	32,643	19,261	12,757	13,106	290,721	260,455
Total expenses	3,105,066	2,744,465	488,248	321,300	56,651	39,782	884,599	191,071	2,336,765	1,756,396
Surplus (Deficit)	\$(187,002)	\$(59,492)	\$(267,622)	\$ 5,099,370	\$(88,417)	\$(21,056)	\$ 164,189	\$ 1,898	\$(1,586,290)	\$(1,171,971)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2020

### 21. SEGMENT DISCLOSURE (continued)

	CMHC Housing		Capital and Capital Project		First Nation Programs		Gaming Center and Smoke Shop		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>										
Federal Government										
I.S.C.	\$ 126,495	\$ 93,069							\$ 1,952,503	\$ 1,547,299
F.N.I.H.									1,718,552	1,400,752
C.M.H.C.									126,495	93,069
Deferred from prior year									1,089,623	316,983
Deferred to following year	-\$ 126,495	-\$ 93,069	-\$ 126,495	-\$ 93,069	-\$ 1,089,623	-\$ 316,983	-\$ 1,089,623	-\$ 1,089,623	-\$ 2,800,161	-\$ 1,089,623
Subtotal	126,495	93,069	-	-	-	-	-	-	2,087,012	2,268,480
Other revenue	45,275	71,172	-	-	7,424,663	13,758,673	1,377,928	1,478,180	18,818,161	25,777,105
Total revenue	171,770	164,241	-	-	7,424,663	13,758,673	1,377,928	1,478,180	20,905,173	28,045,585
<b>Expenses</b>										
Amortization	91,896	71,340			886,058	399,004	86,009	99,918	3,527,288	3,025,835
Debt servicing	34,402	28,838			85,065	47,040			171,673	139,776
Other	23,608	35,164			7,988	3,449,721	9,206,390	577,808	585,549	10,636,970
Salaries and benefits	-	-			2,139,558	2,917,432	313,488	310,317	7,009,702	7,507,474
Total expenses	149,906	135,342	-	-	7,988	6,560,402	12,569,866	977,305	995,784	21,345,633
Surplus (Deficit)	\$ 21,864	\$ 28,899	\$ -	\$ (7,988)	\$ 864,261	\$ 1,188,807	\$ 400,623	\$ 482,396	\$ (440,460)	\$ 3,107,241