
FOX LAKE CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

FOX LAKE CREE NATION

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MARCH 31, 2021

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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.

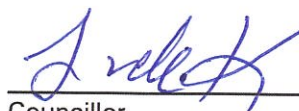
The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

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INDEPENDENT AUDITOR'S 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, 2021, 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, 2021, 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 adjustments were required to accounts receivable and related revenues.

Inventory

We have been unable to satisfy ourselves with regard to existence, completeness and valuation of inventory, for there was no inventory count sheet provided, nor were we able to observe inventory as at year end. As a result, we were not able to assess whether potentially material adjustments were required to inventory and cost of goods sold.

Joint Ventures

We have been unable to satisfy ourselves with regards to the rights and obligations and valuation of joint ventures investments, due to non-availability of the information. As a result, we were not able to assess whether potentially material adjustments were required to investments values and related revenue and expenses.

(continued.....)

Accounts Payable and Accrued Liabilities

We have been unable to satisfy ourselves with regard to the existence and completeness of 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.

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.

Auditor's 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.

(continued.....)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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.

Winnipeg, Manitoba
May 10, 2023

Baker Tilly HMA LLP
Chartered Professional Accountants

FOX LAKE CREE NATION


STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 17,661,793	\$ 14,821,599
Restricted Cash (Note 3)	885,487	879,129
Accounts receivable (Note 4)	2,247,767	2,810,701
Investments (Note 6)	81,523,703	74,755,730
Investments in joint ventures (Note 7)	<u>477,531</u>	<u>535,416</u>
	<u>102,796,281</u>	<u>93,802,575</u>
LIABILITIES		
Accounts payable and accruals (Note 8)	2,126,787	2,357,643
Deferred revenue and other long-term liabilities (Note 9)	5,341,907	2,820,161
Long-term debt (Note 10)	74,060,861	67,476,017
Leases (Note 11)	<u>172,592</u>	<u>235,855</u>
Total liabilities	<u>81,702,147</u>	<u>72,889,676</u>
Net debt	<u>21,094,134</u>	<u>20,912,899</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	26,276,575	29,023,711
Inventory (Note 5)		174,751
Prepaid expenses and other current assets	<u>29,034</u>	<u>148,754</u>
Total non-financial assets	<u>26,305,609</u>	<u>29,347,216</u>
Accumulated surplus (Note 13)	<u>\$ 47,399,743</u>	<u>\$ 50,260,115</u>

Approved on behalf of Council


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Chief


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Councillor

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Councillor

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FOX LAKE CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2021	2020
REVENUE		
Indigenous and Northern Affairs Canada	\$ 4,326,114	\$ 1,952,503
First Nations and Inuit Health	2,223,639	1,718,552
Canada Mortgage and Housing Corporation	139,818	126,495
ISC Clawback		(50,554)
Funding recoveries		(127,122)
Province of Manitoba	322,923	302,369
Manitoba Hydro	3,347,125	4,121,802
Administration fees	173,207	(30,071)
Contributions	524,545	348,259
Gaming revenue	443,180	968,790
Income from long term investments	123,003	788,332
Investment income	2,933,746	9,542,421
Other revenue	2,302,290	1,880,957
Rental income	779,859	750,610
Sales	2,132,626	473,939
Tribal Council contribution	641,386	
Deferred revenue from prior year	2,820,161	1,089,623
Deferred revenue to following year	(5,341,907)	(2,820,161)
	<u>17,891,715</u>	<u>21,036,744</u>
EXPENDITURES		
Governance and administration	3,436,563	3,864,905
Economic development	51,788	9,770
Social services	684,670	350,794
Health	1,840,116	1,180,112
Public works	1,503,188	1,371,106
Implementation and future development	2,922,400	3,105,066
Operating programs	449,515	488,248
Education	118,598	56,651
Nikanihk Itapowin Trust	567,586	884,599
Band housing	1,727,534	2,336,765
CMHC housing	181,517	149,906
First Nation programs	5,497,098	7,258,907
Gaming centre and smoke shop	<u>1,771,514</u>	<u>977,305</u>
	<u>20,752,087</u>	<u>22,034,134</u>
ANNUAL DEFICIT	(2,860,372)	(997,390)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>50,260,115</u>	<u>51,257,505</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 47,399,743</u>	<u>\$ 50,260,115</u>

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31

	2 0 2 1	2 0 2 0
Annual deficit	\$ (2,860,372)	\$ (997,390)
Acquisition of tangible capital assets	(508,892)	(3,001,308)
Amortization of tangible capital assets	3,221,028	3,527,288
Disposal of tangible capital assets	35,000	68,488
Disposal of asset under construction		1,133,170
Acquisition of construction in progress	-	(1,046,300)
	<u>2,747,136</u>	<u>681,338</u>
Acquisition of supplies and inventories		(174,751)
Acquisition of prepaid expenses	(29,034)	(148,754)
Use of supplies and inventories	174,751	60,114
Consumption of prepaid expenses	<u>148,754</u>	<u>691</u>
	<u>294,471</u>	<u>(262,700)</u>
CHANGE IN NET ASSETS FOR YEAR	181,235	(578,752)
NET ASSETS, <i>beginning of year</i>	<u>20,912,899</u>	<u>21,491,651</u>
NET ASSETS, <i>end of year</i>	<u>\$ 21,094,134</u>	<u>\$ 20,912,899</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 1	2 0 2 0
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 20,976,395	\$ 42,038,081
Cash paid to suppliers and employees	(17,404,090)	(21,799,728)
	<u>3,572,305</u>	<u>20,238,353</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	(508,892)	(2,757,155)
Sale of tangible capital assets	<u>35,000</u>	<u>68,488</u>
	(473,892)	(2,688,667)
<i>INVESTING ACTIVITIES</i>		
Change in investments in joint ventures	(18,416)	419,934
Change in investments	215,560	(10,838,156)
Restricted cash	<u>6,358</u>	<u>(184,401)</u>
	<u>203,502</u>	<u>(10,602,623)</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	53,264	1,248,841
Repayment of long-term debt	(451,722)	(1,624,636)
Repayment of capital lease obligation	(63,263)	(48,495)
	(461,721)	(424,290)
NET INCREASE IN CASH DURING YEAR	2,840,194	6,522,773
CASH, <i>beginning of year</i>	<u>14,821,599</u>	<u>8,298,826</u>
CASH, <i>end of year</i>	<u>\$ 17,661,793</u>	<u>\$ 14,821,599</u>
CASH COMPRISED OF		
Cash and cash equivalents	\$ <u>17,661,793</u>	\$ <u>14,821,599</u>

FOX LAKE CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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. |
| • Fox Lake Hospitality Ltd. | • Fox Lake Hospitality LLP |
| | • Fox Lake Band Housing |

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, 2021

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, 2021.

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, 2021

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.

REVENUE RECOGNITION

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, 2021

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 collectibility 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, 2021.

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, 2021

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, 2021

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fox Lake Hospitality. - activities include the development and operation of a gas bar, convenience store and restaurant on reserve and ancillary or incidental thereto.

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, 2021, \$305,001 (2020 - \$297,787) had been deposited, leaving an unfunded balance of \$9,186 (2020 - \$0).

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, 2021, the reserve has been funded in a separate interest bearing account, with a balance of \$14,442. 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.

Capital Trust	\$1,635 (2020 - \$1,635); interest revenue \$nil (2020 - \$nil)
Revenue Trust	\$13,429 (2020 - \$13,255); interest revenue \$174 (2020 - \$236)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

3. RESTRICTED CASH *(continued)*

	2 0 2 1	2 0 2 0
GIC - Matures October 31, 2021 with interest 1.80% per annum	\$ 500,000	\$ 500,000
CMHC Replacement Reserve	305,001	297,787
Cash	65,422	66,452
Ottawa Trust Fund	<u>15,064</u>	<u>14,890</u>
	<u>\$ 885,487</u>	<u>\$ 879,129</u>

4. ACCOUNTS RECEIVABLE

	2 0 2 1	2 0 2 0
Manitoba Hydro	\$ 521,894	\$ 693,510
Indigenous Services Canada	73,322	613,456
Employee, member advances and rents receivable	103,440	552,151
Canada Mortgage and Housing Corporation	11,435	16,112
Other accounts receivable	1,906,261	892,642
GST receivable	211,184	232,936
Related Party - Joint Ventures		200,000
DBA Sodexo Canada Ltd.		60,081
First Nations and Inuit Health	<u>45,058</u>	<u>174,640</u>
Subtotal	2,872,594	3,435,528
Less: Allowance for doubtful accounts	(624,827)	(624,827)
	<u>\$ 2,247,767</u>	<u>\$ 2,810,701</u>

5. INVENTORY

	2 0 2 1	2 0 2 0
Smoke Shop inventory	\$ -	\$ 170,119
Smoke Shop POS	<u>-</u>	<u>4,632</u>
	<u>\$ -</u>	<u>\$ 174,751</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

6. INVESTMENTS

	2 0 2 1	2 0 2 0
Keeyask Hydro Power Limited Partnership - 5%		
Cost	\$ 59,354,167	\$ 54,541,666
Deferred interest charges	<u>9,548,216</u>	<u>7,377,414</u>
	<u>68,902,383</u>	<u>61,919,080</u>
Guaranteed Investment Certificates		
Matures April 2, 2020, interest bearing at 2% per annum	\$ 116,686	\$ 116,456
Matures September 22, 2020, interest bearing at 0.50% per annum	<u>180,000</u>	<u>180,000</u>
	<u>296,686</u>	<u>296,456</u>
Mutual Fund Investments, cost		
Sun Life Financial	\$ 189,404	\$ 186,168
Assante Wealth Management Managed Assets	<u>12,135,230</u>	<u>12,354,026</u>
	<u>12,324,634</u>	<u>12,540,194</u>
	<u>\$ 81,523,703</u>	<u>\$ 74,755,730</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 ("KHLP") for a total of \$59,354,167 (March 31, 2020 - \$54,541,667). Deferred interest charges of \$9,548,216 as at March 31, 2021 (March 31, 2020 - \$7,377,414) represent accrued interest on the loan with Manitoba Hydro related to the Cree Nation's investment in KHLP. 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, 2021 as reported by Sun Life Financial is \$189,404 (2020 - \$186,168).

The market value of the investment at March 31, 2021 as reported by Assante Wealth Management is \$12,135,230 (2020 - \$12,354,026).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

7. INVESTMENTS IN JOINT VENTURES

	2 0 2 1	2 0 2 0
Fox and York Keeyask Joint Venture (FYKJV) - 50% Equity Method		
Investment cost	\$ 1	\$ 1
Cumulative share of loss	(69,215)	(49,920)
Advances	413,501	413,501
Impairment	(138,429)	(99,839)
	<u>205,858</u>	<u>263,743</u>
A Kwis Mahka Joint Venture (AKKMJV) - 50% Equity Method		
Investment cost	1	1
Cumulative share of income	<u>271,672</u>	<u>271,672</u>
	<u>271,673</u>	<u>271,673</u>
	<u>\$ 477,531</u>	<u>\$ 535,416</u>

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

	FYKJV March 31, 2021	AKKMJV May 31, 2020	2 0 2 1	2 0 2 0
Cash	\$ 101,995	\$ 606,418	\$ 708,413	\$ 808,165
Account receivable	390,993	58,861	449,854	255,098
Property and equipment	<u>2,719</u>	<u>-</u>	<u>2,719</u>	<u>4,196</u>
TOTAL ASSETS	<u>\$ 495,707</u>	<u>\$ 665,279</u>	<u>\$ 1,160,986</u>	<u>\$ 1,067,459</u>
Account payable and accruals	\$ 156,863	\$ -	\$ 156,863	\$ 89,478
Due to Fox Lake Venture LP	413,506	-	413,506	412,541
Manitoba Hydro advance	<u>63,768</u>	<u>-</u>	<u>63,768</u>	<u>-</u>
TOTAL LIABILITIES	<u>634,137</u>	<u>-</u>	<u>634,137</u>	<u>502,019</u>
JOINT VENTURE CAPITAL	<u>\$ (138,430)</u>	<u>\$ 665,279</u>	<u>\$ 526,849</u>	<u>\$ 565,440</u>
REVENUE	\$ 406,822	\$ 2,066,845	\$ 2,473,667	\$ 2,512,344
EXPENDITURES	<u>443,654</u>	<u>6,724,356</u>	<u>7,168,010</u>	<u>7,197,018</u>
NET INCOME (LOSS)	<u>\$ (36,832)</u>	<u>\$ (4,657,511)</u>	<u>\$ (4,694,343)</u>	<u>\$ (4,684,674)</u>

Fox Lake York Keeyask Joint Venture (FYKJV)

Fox Lake Cree Nation and York Factory Nation agreed 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.

A Kwis Mahka Joint Venture (AKKMJV)

Fox Lake Ventures Limited Partnership entered into 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 1	2 0 2 0
Trade payables and accruals	\$ 1,441,026	\$ 1,887,460
Wages and benefits payable	222,288	157,972
Taxes payable	256,130	184,868
Indigenous Services Canada	127,122	127,122
First Nations and Inuit Health	221	221
Fox Lake Gathering	<u>80,000</u>	<u>-</u>
	<u>\$ 2,126,787</u>	<u>\$ 2,357,643</u>

9. DEFERRED REVENUE

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
A & C Water Systems	\$ 263,031	\$ 263,031
Capacity Building - Housing Program	20,000	20,000
Community Well-Being		126,520
Discussion Tables		59,122
COVID-19 Response	263,696	67,785
Waste Water Lagoon	50,466	
Major Renovation - ILEP	68,798	
Community Building - Garage Restoration	198,559	
PLN & Design - Housing Construction & Independent	1,217,750	
PLN & Design - Independent Living Facility	4,000	
Wastewater System - Lift Station Repairs	36,343	
Special Needs	7,604	
Renovations Project	<u>-</u>	<u>400,000</u>
	<u>2,130,247</u>	<u>936,458</u>
First Nation Inuit Health		
Jordan's Principle	1,982,822	1,517,996
PHN	<u>274,602</u>	<u>-</u>
	<u>2,257,424</u>	<u>1,517,996</u>
Other programs		
Assembly of Manitoba Chiefs	248,395	
Climate Change	65,227	27,393
Adverse Effect	640,614	282,536
Relationship Manager	<u>-</u>	<u>55,778</u>
	<u>954,236</u>	<u>365,707</u>
	<u>\$ 5,341,907</u>	<u>\$ 2,820,161</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

10. LONG TERM DEBT

	2021	2020
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.	\$ 104,351	\$ 118,830
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.	75,752	86,514
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.	212,325	227,446
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.	780,209	817,534
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.	762,844	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 (KHLP). Interest on this loan accrues at 2.42% (3.52% at March 31, 2020), compounded monthly, secured by FLKII's units in KHLP and all distributions on those units. The total balance of this loan includes accrued interest payable of \$9,548,216 (2020 - \$7,377,414).	68,452,383	61,469,081
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.	36,217	49,384
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.	21,029	28,674
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. (*)	890,217	936,613

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

10. LONG TERM DEBT (continued)

	2 0 2 1	2 0 2 0
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.	\$ 59,902	\$ 81,199
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.	265,929	357,159
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.	206,257	277,016
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.	37,612	51,286
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.	37,612	51,286
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.	36,784	50,157
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.	103,445	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.	14,732	23,731
Loan to First Peoples Economic Growth Fund Inc which is repayable upon demand. Until demand is made, the loan is payable in monthly payments of \$2,500 until the entire \$300,000 is paid in full.	285,000	297,000
Manitoba Hydro - Keeyask/Conawapa/SCHIP/HGD Claims (see description)	588,199	558,328
Manitoba Hydro - Rental Advance (see description)	100,000	100,000
Manitoba Hydro - Training Plan (2002) (see description)	990,062	966,669
	<u>\$ 74,060,861</u>	<u>\$ 67,476,017</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, 2022	\$ 523,053
2023	544,467
2024	430,818
2025	264,884
2026	248,515

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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 offset 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 10-year period with the 10-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, 2021 was 2.42% (2020 - 2.45%).

(*) 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 \$55,174 as at March 31, 2021; \$190,890 in 2020). 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, 2021

11. CAPITAL LEASE OBLIGATION

2021

2020

Capital lease payable in monthly payments of \$6,109 including interest at 3.85% during the first year and 4.85% thereafter.

Secured by two vehicles with a net book value of \$288,382.

\$ 172,592 \$ 235,855

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

2022	\$ 73,308
2023	73,308
2024	<u>36,654</u>
	183,270
Less: imputed interest	<u>10,678</u>
Balance of obligation	\$ <u>172,592</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

12. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2021	Total 2020
Land	\$ 1,548,336	\$ 74,603	\$	\$ 1,622,939	\$	\$	\$	\$	\$ 1,622,939	\$ 1,548,336
Buildings	32,209,169			32,209,169	12,536,558	1,525,924		14,062,482	18,146,687	19,672,611
CMHC Housing	3,639,670			3,639,670	777,250	112,614		889,864	2,749,806	2,862,420
Computers	339,185	6,475		345,660	297,779	38,326		336,105	9,555	41,406
Equipment	7,354,974	50,337		7,405,311	5,921,257	630,262		6,551,519	853,792	1,433,717
Vehicles	4,925,444	164,145	35,000	5,054,589	2,506,523	913,902		3,420,425	1,634,164	2,418,921
Assets under construction	<u>1,046,300</u>	<u>213,332</u>	<u>-</u>	<u>1,259,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,259,632</u>	<u>1,046,300</u>
	<u>\$ 51,063,078</u>	<u>\$ 508,892</u>	<u>\$ 35,000</u>	<u>\$ 51,536,970</u>	<u>\$ 22,039,367</u>	<u>\$ 3,221,028</u>	<u>\$ -</u>	<u>\$ 25,260,395</u>	<u>\$ 26,276,575</u>	<u>\$ 29,023,711</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

13. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2 0 2 1	2 0 2 0
Ottawa Trust Funds	\$ 15,064	\$ 14,890
CMHC replacement reserve required amount	234,000	234,000
CMHC operating surplus reserve required amount	12,949	12,949
Investments in joint ventures	477,531	535,416
Investment in tangible capital assets	20,495,505	23,251,182
Unrestricted accumulated surplus	<u>26,164,694</u>	<u>26,211,678</u>
	<u>\$ 47,399,743</u>	<u>\$ 50,260,115</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 Keewatinoow Joint Venture. This was formed to provide food service, housekeeping, janitorial and security services to the Manitoba Hydro Keewatinoow Camp. The Cree Nation is entitled to 51% of gross profit, after a 2.5% commission on gross revenue is deducted. Subsequent to year end the joint venture has been completed and closed its operations.
- 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 Keewatinoow 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 \$nil (2020 - \$60,081) related to these joint ventures at March 31, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

15. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

		2 0 2 1	2 0 2 0
Per agreement:	#1819-MB-000034	\$ 4,326,114	\$ 1,952,503
	#1516-MB-000073	<u>2,223,639</u>	<u>1,718,552</u>
TOTAL I.S.C. REVENUE PER FUNDING CONFIRMATION		<u>\$ 6,549,753</u>	<u>\$ 3,671,055</u>
Revenue as per Statement of Operations (Statement 2)			
	Indigenous Services Canada	\$ 4,326,114	\$ 1,952,503
	First Nations and Inuit Health	<u>2,223,639</u>	<u>1,718,552</u>
TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS		<u>\$ 6,549,753</u>	<u>\$ 3,671,055</u>

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, 2021

18. BUDGET

The Fox Lake Cree Nation has not prepared a complete consolidated budget for the year ended March 31, 2021. 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 1	2 0 2 0
Administration	\$ 289,132	\$ 64,589
Advertising	13,626	12,563
Amortization of capital assets	3,221,028	3,527,288
Bad debts	427,671	947,498
Bank and interest charges	184,605	214,488
Community activities	215,237	484,762
Contract services	426,547	662,342
Cost of sales	1,855,436	227,004
Equipment	125,856	608,848
Insurance	294,752	297,189
Interest on long-term debt	34,168	34,403
Loss on Investments	11,980	369
MLC commission and fees	70,328	183,991
Office expenses	171,843	115,648
Other	1,242,235	1,056,789
Professional fees	1,261,854	1,442,724
Program costs	1,109,239	308,945
Repairs and maintenance	674,566	532,479
Rent	381,376	1,578,155
Salaries and benefits	6,666,704	7,015,001
Social assistance	218,854	250,194
Student support	13,190	25,095
Supplies	546,200	579,649
Telephone	155,322	146,160
Travel	323,368	916,172
Training	193,464	360,018
Tuition	195,315	61,353
Utilities	428,191	380,418
	<u>\$ 20,752,087</u>	<u>\$ 22,034,134</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
I.S.C.	\$ 1,064,586	\$ 612,363	\$ 58,396	\$ 89,418	\$ 653,048	\$ 310,594	\$	\$	\$ 2,027,277	\$ 415,653
F.N.I.H.							2,223,639	1,718,552		
C.M.H.C.										
Deferred from prior year	273,427						1,517,996	899,430	263,031	151,136
Deferred to following year	(263,696)	(253,427)	-	-	(7,604)	-	(2,257,424)	(1,517,996)	(1,838,947)	(263,031)
Subtotal	1,074,317	358,936	58,396	89,418	645,444	310,594	1,484,211	1,099,986	451,361	303,758
Other revenue	<u>3,070,936</u>	<u>4,584,551</u>	<u>-</u>	<u>-</u>	<u>4,645</u>	<u>(50,554)</u>	<u>4,561</u>	<u>(24,420)</u>	<u>263,103</u>	<u>352,353</u>
Total revenue	<u>4,145,253</u>	<u>4,943,487</u>	<u>58,396</u>	<u>89,418</u>	<u>650,089</u>	<u>260,040</u>	<u>1,488,772</u>	<u>1,075,566</u>	<u>714,464</u>	<u>656,111</u>
Expenses										
Amortization	1,461,263	1,454,331					53,784	42,673		
Debt servicing										
Other	1,217,326	1,454,732	51,788	9,770	639,848	281,070	1,154,284	579,385	1,087,962	787,916
Salaries and benefits	<u>757,974</u>	<u>955,842</u>	<u>-</u>	<u>-</u>	<u>44,822</u>	<u>69,724</u>	<u>632,048</u>	<u>558,054</u>	<u>415,226</u>	<u>583,190</u>
Total expenses	<u>3,436,563</u>	<u>3,864,905</u>	<u>51,788</u>	<u>9,770</u>	<u>684,670</u>	<u>350,794</u>	<u>1,840,116</u>	<u>1,180,112</u>	<u>1,503,188</u>	<u>1,371,106</u>
Surplus (Deficit)	<u>\$ 708,690</u>	<u>\$ 1,078,582</u>	<u>\$ 6,608</u>	<u>\$ 79,648</u>	<u>\$ (34,581)</u>	<u>\$ (90,754)</u>	<u>\$ (351,344)</u>	<u>\$ (104,546)</u>	<u>\$ (788,724)</u>	<u>\$ (714,995)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

21. SEGMENT DISCLOSURE *(continued)*

	Implementation and Future Development		Operating Program		Education		Nikanhik Itapowin Trust		Band Housing	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Federal Government										
I.S.C.	\$ 418,207	\$	\$		\$ 34,600	\$ 31,306	\$	\$	\$ 70,000	\$ 493,169
F.N.I.H.										
C.M.H.C.										
Deferred from prior year	365,707	39,057							400,000	
Deferred to following year	(705,841)	(365,707)	(268,395)	(20,000)	-	-	-	-	-	(400,000)
Subtotal	78,073	(326,650)	(268,395)	(20,000)	34,600	31,306	-	-	470,000	93,169
Other revenue	<u>3,043,975</u>	<u>3,244,714</u>	<u>850,542</u>	<u>220,626</u>	<u>-</u>	<u>(63,072)</u>	<u>589,285</u>	<u>1,048,788</u>	<u>297,803</u>	<u>657,306</u>
Total revenue	<u>3,122,048</u>	<u>2,918,064</u>	<u>582,147</u>	<u>200,626</u>	<u>34,600</u>	<u>(31,766)</u>	<u>589,285</u>	<u>1,048,788</u>	<u>767,803</u>	<u>750,475</u>
Expenses										
Amortization	4,017	16,439					463	579	910,331	949,303
Debt servicing	31,434	52,206								
Other	1,273,973	1,354,190	208,619	328,842	54,922	24,008	543,506	863,163	602,033	1,096,741
Salaries and benefits	<u>1,612,976</u>	<u>1,682,231</u>	<u>240,896</u>	<u>159,406</u>	<u>63,676</u>	<u>32,643</u>	<u>23,617</u>	<u>20,857</u>	<u>215,170</u>	<u>290,721</u>
Total expenses	<u>2,922,400</u>	<u>3,105,066</u>	<u>449,515</u>	<u>488,248</u>	<u>118,598</u>	<u>56,651</u>	<u>567,586</u>	<u>884,599</u>	<u>1,727,534</u>	<u>2,336,765</u>
Surplus (Deficit)	<u>\$ 199,648</u>	<u>\$ (187,002)</u>	<u>\$ 132,632</u>	<u>\$ (287,622)</u>	<u>\$ (83,998)</u>	<u>\$ (88,417)</u>	<u>\$ 21,699</u>	<u>\$ 164,189</u>	<u>\$ (959,731)</u>	<u>\$ (1,586,290)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

21. SEGMENT DISCLOSURE *(continued)*

	CMHC Housing		First Nation Programs		Gaming Center and Smoke Shop		TOTAL	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues								
Federal Government								
I.S.C.	\$	\$	\$	\$	\$	\$	\$ 4,326,114	\$ 1,952,503
F.N.I.H.							2,223,639	1,718,552
C.M.H.C.	139,818	126,495					139,818	126,495
Deferred from prior year							2,820,161	1,089,623
Deferred to following year	-	-	-	-	-	-	(5,341,907)	(2,820,161)
Subtotal	139,818	126,495			-	-	4,167,825	2,067,012
Other revenue	72,948	45,275	3,845,845	7,576,237	1,680,247	1,377,928	13,723,890	18,969,732
Total revenue	212,766	171,770	3,845,845	7,576,237	1,680,247	1,377,928	17,891,715	21,036,744
Expenses								
Amortization	112,614	91,896	615,435	886,058	63,121	86,009	3,221,028	3,527,288
Debt servicing	31,025	34,402	65,055	85,605			127,514	172,213
Other	37,878	23,608	2,591,548	3,938,399	1,273,153	577,808	10,736,840	11,319,632
Salaries and benefits	-	-	2,225,060	2,348,845	435,240	313,488	6,666,705	7,015,001
Total expenses	181,517	149,906	5,497,098	7,258,907	1,771,514	977,305	20,752,087	22,034,134
Surplus (Deficit)	\$ 31,249	\$ 21,864	\$ (1,651,253)	\$ 317,330	\$ (91,267)	\$ 400,623	\$ (2,860,372)	\$ (997,390)