

---

FOX LAKE CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

---

# FOX LAKE CREE NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

---

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....STATEMENT 1

CONSOLIDATED STATEMENT OF OPERATIONS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS .....STATEMENT 3

CONSOLIDATED STATEMENT OF CASH FLOWS.....STATEMENT 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 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.

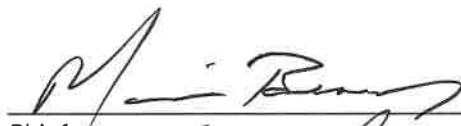
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are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

To the Chief, Council and Membership  
Fox Lake Cree Nation

### **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, 2022, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fox Lake Cree Nation as at March 31, 2022, 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 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 opinion.

### **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.

*(continued.....)*

### **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.
- 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.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
November 1, 2023

# FOX LAKE CREE NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2022

2021

### FINANCIAL ASSETS

Cash	\$ 16,143,348	\$ 17,662,400
Restricted cash (Note 3)	859,988	885,487
Accounts receivable (Note 4)	2,381,784	2,247,767
Investments (Note 6)	83,913,948	81,523,703
Investment in joint ventures (Note 7)	171,378	477,531
	<u>103,470,446</u>	<u>102,796,888</u>

### LIABILITIES

Notes payable and bank debt	13,215	
Accounts payable and accrued liabilities (Note 8)	2,273,315	2,127,393
Income taxes	35,185	
Deferred revenue (Note 9)	4,416,152	5,341,907
Long term debt (Note 10)	78,663,816	74,060,861
Capital lease obligation (Note 11)	106,192	172,592
Total liabilities	<u>85,507,875</u>	<u>81,702,753</u>
Net asset	<u>17,962,571</u>	<u>21,094,135</u>

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 12)	25,343,810	26,276,575
Inventory (Note 5)	49,460	
Prepaid expenses and other current assets	16,159	29,034
Total non-financial assets	<u>25,409,429</u>	<u>26,305,609</u>
Accumulated surplus (Note 13)	<u>\$ 43,372,000</u>	<u>\$ 47,399,744</u>

Approved on behalf of Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

Councillor

# FOX LAKE CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2022	2021
REVENUE		
Indigenous and Northern Affairs Canada	\$ 3,489,716	\$ 4,326,114
Health Canada	2,610,446	2,223,639
Canada Mortgage and Housing Corporation	259,276	139,818
Province of Manitoba	295,457	322,923
Manitoba Hydro	3,129,980	3,347,125
Administration fees	246,147	254,274
Construction income	39,435	180,983
Contributions	623,500	524,545
Gaming revenue	621,648	443,180
Income from long term investments	1,027,742	123,003
Investment income	1,052,681	569,041
Other revenue	2,336,170	2,221,224
Rental income	683,644	779,859
Sales	2,068,417	2,132,626
Sodexo commisson	1,467,568	2,183,722
Tribal Council contribution	345,147	641,386
Deferred revenue from prior year	5,341,907	2,820,161
Deferred revenue to following year	( 4,416,152)	( 5,341,907)
	<u>21,222,729</u>	<u>17,891,716</u>
EXPENDITURES		
Governance and administration	2,616,838	3,436,563
Economic development	61,332	51,788
Social services	339,834	684,670
Health	2,999,028	1,840,116
Public works	1,767,223	1,503,188
Implementation and future development	3,478,152	2,922,400
Operating programs	729,600	449,515
Education	12,015	118,598
Nikanihk Itapowin Trust	610,033	567,586
Band housing	1,492,616	1,727,534
CMHC housing	279,420	181,517
First Nation programs	9,407,219	5,497,098
Gaming centre and smoke shop	<u>1,457,163</u>	<u>1,771,514</u>
	<u>25,250,473</u>	<u>20,752,087</u>
ANNUAL DEFICIT	( 4,027,744)	( 2,860,371)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>47,399,744</u>	<u>50,260,115</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 43,372,000</u>	<u>\$ 47,399,744</u>

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31**

	<b>2 0 2 2</b>	<b>2 0 2 1</b>
Annual deficit	<u><b>\$ ( 4,027,744)</b></u>	<u><b>\$ ( 2,860,371)</b></u>
Acquisition of tangible capital assets	<b>( 1,267,858)</b>	<b>( 508,892)</b>
Amortization of tangible capital assets	<b>2,230,240</b>	<b>3,221,028</b>
Disposal of tangible capital assets	<u><b>( 29,617)</b></u>	<u><b>35,000</b></u>
	<u><b>932,765</b></u>	<u><b>2,747,136</b></u>
Acquisition of supplies and inventories	<b>( 49,460)</b>	
Acquisition of prepaid expenses	<b>( 16,159)</b>	<b>( 29,034)</b>
Use of supplies and inventories		<b>174,751</b>
Consumption of prepaid expenses	<u><b>29,034</b></u>	<u><b>148,754</b></u>
	<u><b>( 36,585)</b></u>	<u><b>294,471</b></u>
CHANGE IN NET ASSETS FOR YEAR	<b>( 3,131,564)</b>	<b>181,236</b>
NET ASSETS, <i>beginning of year</i>	<u><b>21,094,135</b></u>	<u><b>20,912,899</b></u>
NET ASSETS, <i>end of year</i>	<u><b>\$ 17,962,571</b></u>	<u><b>\$ 21,094,135</b></u>



# FOX LAKE CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 2 2	2 0 2 1
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from funding and other sources	\$ 20,162,957	\$ 20,976,395
Cash paid to suppliers and employees	( 18,908,102)	( 17,403,483)
	<u>1,254,855</u>	<u>3,572,912</u>
<i>CAPITAL ACTIVITIES</i>		
Acquisition of tangible capital assets and construction in progress	( 1,267,858)	( 508,892)
Sale of tangible capital assets	( 29,617)	35,000
	<u>( 1,297,475)</u>	<u>( 473,892)</u>
<i>INVESTING ACTIVITIES</i>		
Change in investments in joint ventures	260,178	( 18,416)
Change in investments	( 1,340,470)	215,560
Restricted cash	( 25,499)	6,358
	<u>( 1,105,791)</u>	<u>203,502</u>
<i>FINANCING ACTIVITIES</i>		
Proceeds from long-term debt	146,372	53,264
Repayment of long-term debt	( 463,828)	( 451,722)
Repayment of capital lease obligation	( 66,400)	( 63,263)
	<u>( 383,856)</u>	<u>( 461,721)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	( 1,532,267)	2,840,801
CASH, <i>beginning of year</i>	<u>17,662,400</u>	<u>14,821,599</u>
CASH, <i>end of year</i>	<u>\$ 16,130,133</u>	<u>\$ 17,662,400</u>
CASH COMPRISED OF		
Cash	\$ 16,143,348	\$ 17,662,400
Notes payable and bank debt	( 13,215)	-
	<u>\$ 16,130,133</u>	<u>\$ 17,662,400</u>

# FOX LAKE CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

### 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, 2022

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, 2022.

*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, 2022

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, 2022

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, 2022.

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, 2022

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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)**RECENT ACCOUNTING PRONOUNCEMENTS*

## PRONOUNCEMENTS EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER APRIL 1, 2022

In June 2011, the PSAB issued Section PS 1201, Financial Statement Presentation, which revises and replaces Financial Statement Presentation, Section PS 1200. The new standard introduces a new statement for reporting of remeasurement gains and losses. Earlier adoption is permitted.

In accordance with Public Sector Accounting Standard (PSAS), the financial statements for the year ended March 31, 2023, will reflect the adoption of PS 3041, Portfolio Investments, replacing PS 3040. PS 3041 introduces updated guidelines for recognizing and measuring portfolio investments. Furthermore, in June 2011, PSAB issued Section PS 3450, Financial Instruments, which established standards for the recognition and measurement of financial assets, financial liabilities, and non-financial derivatives. This standard introduced two primary measurement categories, fair value and cost or amortized cost. Additionally, PS 3450 introduced new disclosure requirements concerning reported items and the nature and extent of risks arising from financial instruments. These changes are interrelated with the revisions discussed earlier in PS 1201, which requires a new statement of remeasurement gains and losses which will now reflect gains and losses arising from fair value remeasurement until an item is derecognized.

Consequently, the forthcoming adjustments will impact Fox Lake accounting policy concerning financial instrument measurement, transaction costs, and impairment considerations. Management is reviewing the impacts.

In August 2018, the Canadian Public Sector Accounting Handbook (PSA HB) introduced a significant accounting change with the inclusion of Public Sector Accounting Standard (PS) 3280 - Asset Retirement Obligations (ARO). This new standard, PS 3280 establishes comprehensive guidelines for accounting and reporting related to liability associated with asset retirement obligations. Earlier adoption is permitted.

## Key Provisions of PS 3280:

- Definition of ARO - An Asset Retirement Obligation (ARO) is a legal obligation linked to the eventual retirement of a tangible capital asset.
- Treatment of Asset Retirement Costs - Asset retirement costs are now recognized as an increase in the carrying amount of the associated tangible capital asset and are expensed in a rational and systematic manner over time.
- Expense Recognition - When a tangible capital asset is no longer in productive use, the costs associated with its retirement are recognized as an expense.
- Measurement of ARO Liability - The ARO liability is to be measured at the financial statement date, reflecting the best estimate of the amount required to retire a tangible capital asset.
- Subsequent Measurement - Subsequent to initial recognition, changes in the ARO liability may result in either an adjustment to the carrying amount of the associated tangible capital asset or an expense. The treatment depends on the nature of the remeasurement and whether the asset remains in productive use.
- Estimation Technique - The preferred method for estimating the ARO liability is typically a present value technique.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 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, 2022, \$259,881 (2021 - \$305,001) had been deposited, leaving a fully funded balance in 2022 (2021 - fully funded).

*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, 2022, the reserve has been funded in a separate interest bearing account, with a balance of \$14,531. 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 (2021 - \$1,635); interest revenue \$nil (2021 - \$nil)
Revenue Trust	\$13,718 (2021 - \$13,429); interest revenue \$289 (2021 - \$174)

	2 0 2 2	2 0 2 1
GIC - Matures October 31, 2022 with interest 1.80% per annum	\$ 524,904	\$ 500,000
CMHC Replacement Reserve	259,882	305,001
Cash	59,849	65,422
Ottawa Trust Fund	<u>15,353</u>	<u>15,064</u>
	<u>\$ 859,988</u>	<u>\$ 885,487</u>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 4. ACCOUNTS RECEIVABLE

	2 0 2 2	2 0 2 1
Manitoba Hydro	\$ 581,451	\$ 521,894
Indigenous Services Canada	32,951	73,322
Employee, member advances and rents receivable	131,318	103,440
Canada Mortgage and Housing Corporation	131,608	11,435
Other accounts receivable	1,862,566	1,906,261
GST receivable	271,312	211,184
First Nations and Inuit Health	-	45,058
Subtotal	3,011,206	2,872,594
Less: Allowance for doubtful accounts	( 629,422)	( 624,827)
	<u>\$ 2,381,784</u>	<u>\$ 2,247,767</u>

## 5. INVENTORY

	2 0 2 2	2 0 2 1
Smoke Shop inventory	<u>\$ 49,460</u>	<u>\$ -</u>

## 6. INVESTMENTS

	2 0 2 2	2 0 2 1
Keeyask Hydro Power Limited Partnership - 5 %		
Cost	\$ 61,868,626	\$ 59,354,167
Deferred interest charges	11,913,626	9,548,216
Share of earning/(loss)	<u>(3,830,343)</u>	<u>-</u>
	<u>69,951,909</u>	<u>68,902,383</u>
Guaranteed Investment Certificates		
Matures April 16, 2022, interest bearing at 2% per annum	\$ 116,935	\$ 116,686
Matures September 22, 2022, interest bearing at 0.50% per annum	<u>180,000</u>	<u>180,000</u>
	<u>296,935</u>	<u>296,686</u>
Mutual Fund Investments, cost		
Sun Life Financial	\$ 185,531	\$ 189,404
Assante Wealth Management Managed Assets	<u>13,479,573</u>	<u>12,135,230</u>
	<u>13,665,104</u>	<u>12,324,634</u>
	<u>\$ 83,913,948</u>	<u>\$ 81,523,703</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 \$61,909,167 (March 31, 2021 - \$59,354,167). Deferred interest charges of \$11,913,626 as at March 31, 2022 (March 31, 2021 - \$9,548,216) 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 6. INVESTMENTS (continued)

*Mutual Fund Investment*

The market value of the investment at March 31, 2022 as reported by Sun Life Financial is \$189,404 (2021 - \$189,404).

The market value of the investment at March 31, 2022 as reported by Assante Wealth Management is \$13,666,342 (2021 - \$12,135,230).

## 7. INVESTMENTS IN JOINT VENTURES

	2 0 2 2	2 0 2 1
Fox and York Keeyask Joint Venture (FYKJV) - 50% Equity Method		
Investment cost	\$ 1	\$ 1
Cumulative share of loss	( 80,709)	( 69,215)
Advances	413,504	413,501
Impairment	( 161,418)	( 138,429)
	<u>171,378</u>	<u>205,858</u>
A Kwis Mahka Joint Venture (AKKMJV) - 50% Equity Method		
Investment cost		1
Cumulative share of income		<u>271,672</u>
	<u>-</u>	<u>271,673</u>
	<u>\$ 171,378</u>	<u>\$ 477,531</u>

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

	FYKJV March 31, 2022	AKKMJV May 31, 2021	2 0 2 2	2 0 2 1
Cash	\$ 271,632	\$ -	\$ 271,632	\$ 708,413
Accounts receivable	58,495	-	58,495	449,854
Property and equipment	<u>2,176</u>	<u>-</u>	<u>2,176</u>	<u>2,719</u>
TOTAL ASSETS	<u>\$ 332,303</u>	<u>\$ -</u>	<u>\$ 332,303</u>	<u>\$ 1,160,986</u>
Account payable and accruals	\$ 80,216	\$ -	\$ 80,216	\$ 156,863
Due to Fox Lake Venture LP	413,505	-	413,505	413,506
Manitoba Hydro advance	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,768</u>
TOTAL LIABILITIES	<u>493,721</u>	<u>-</u>	<u>493,721</u>	<u>634,137</u>
JOINT VENTURE CAPITAL	<u>\$( 161,418)</u>	<u>\$ -</u>	<u>\$( 161,418)</u>	<u>\$ 526,849</u>
REVENUE	\$ 335,218	\$ -	\$ 335,218	\$ 2,473,667
EXPENDITURES	<u>358,206</u>	<u>-</u>	<u>358,206</u>	<u>7,168,010</u>
NET INCOME (LOSS)	<u>\$( 22,988)</u>	<u>\$ -</u>	<u>\$( 22,988)</u>	<u>\$ (4,694,343)</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

7. INVESTMENTS IN JOINT VENTURES *(continued)*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 which has been completed during 2021.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 2	2 0 2 1
Trade payables and accruals	\$ 1,817,339	\$ 1,441,632
Wages and benefits payable	26,724	222,288
Taxes payable	301,909	256,130
Indigenous Services Canada	127,122	127,122
First Nations and Inuit Health	221	221
Fox Lake Gathering	-	80,000
	<u>\$ 2,273,315</u>	<u>\$ 2,127,393</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**9. DEFERRED REVENUE**

	<b>2 0 2 2</b>	<b>2 0 2 1</b>
Indigenous Services Canada		
Capacity Building - Education Innovation	\$ 70,000	\$
Capacity Building - Emergency Management	31,000	
Capacity Building - Housing Program	77,568	20,000
COVID-19 Lands and Economic Development Services Program	49,568	43,147
Band Office Buildingg - Safe Restart		6,710
Response		71,862
Capacity Building		45,000
COVID-19 Indigenous Community Support Fund 2 - Emergency		
Management Assistance Program		7,988
COVID-19 Indigenous Community Support Fund 3 - Emergency		
Management Assistance Program		82,991
COVID-19 Indigenous Community Support Fund 3 - Perimeter		
Security		5,999
COVID-19 Indigenous Community Support Fund -DIR ALL		
Emergency Management Assistance Program	155,293	
HR Management Governance	10,525	
A & C Water Systems		263,031
Waste Water Lagoon	17,531	50,466
Major Renovation - ILEP	501,643	68,798
Community Building - Garage Restoration	93,146	198,559
PLN & Design - Housing Construction & Independent	909,076	1,217,750
PLN & Design - Independent Living Facility		4,000
Wastewater System - Lift Station Repairs		36,343
Special Needs		7,604
Community Wellness Justice Initiative	79,048	
Commercial Opportunities Readiness		140,297
Recognition of Indigenous Rights and Self Determination	135,609	27,079
Inherent Rights/Consultation	113,646	
Nation Rebuilding	-	128,399
	<u>2,243,653</u>	<u>2,426,023</u>
First Nation Inuit Health		
Jordan's Principle	1,729,741	1,982,822
PHN	3,957	274,602
	<u>1,733,698</u>	<u>2,257,424</u>
Other programs		
Assembly of Manitoba Chiefs	236,336	248,395
Climate Change	78,155	65,227
Keeyask Adverse Effects		40,431
Other Administration		182,207
Guardians		60,000
Specific Land Claim - TLE	65,110	
Mineral Development	59,200	62,200
	<u>438,801</u>	<u>658,460</u>
	<u>\$ 4,416,152</u>	<u>\$ 5,341,907</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 10. LONG TERM DEBT

	2022	2021
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.	\$ 89,530	\$ 104,351
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.	65,656	75,752
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.	196,853	212,325
Phase 6: CMHC mortgage repayable in monthly payments of \$4,102 including interest at 1.77%, maturity date of November 1, 2039 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.	741,854	780,209
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.	727,342	762,844
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 2.83% (2.42% at March 31, 2021), 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 \$11,913,626 (2021 - \$9,548,216).	73,372,793	68,452,383
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 \$20,265.	22,583	36,217
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 \$12,867.	13,112	21,029
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 \$1,446,946. (*)	869,070	890,217

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

10. LONG TERM DEBT *(continued)*

Loan payable in monthly payments of \$2,175 including interest at 6.70% per annum, maturity date of September 2023. Secured by heavy equipment with a net book value of \$38,909.	37,131	59,902
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.	168,378	265,929
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.	130,591	206,257
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 \$20,945.	23,453 2 0 2 2	37,612 2 0 2 1
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 \$20,945.	23,453	37,612
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 \$20,542.	22,936	36,784
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.	74,365	103,445
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.	5,083	14,732
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.	255,000	285,000
Manitoba Hydro - Keeyask/Conawapa/SCHIP/HGD Claims (see description)	588,305	588,199
Manitoba Hydro - Rental Advance (see description)	100,000	100,000
Manitoba Hydro - Training Plan (2002) (see description)	1,016,794	990,062
Loan payable in monthly payments of \$876 including interest at 1.99% per annum, maturity date of November 2027. Secured by vehicle with a net book value of \$49,995.	46,815	
Loan payable in monthly payments of \$1,420 including interest at 5.82% per annum, maturity date of February 2027. Secured by vehicle with a net book value of \$73,781.	72,719	-
	<u>\$ 78,663,816</u>	<u>\$ 74,060,861</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

10. LONG TERM DEBT *(continued)*

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, 2023	\$ 572,596
2024	465,648
2025	279,387
2026	275,638
2027	3,421,691

*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, 2022 was 2.70% (2021 - 2.42%).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

10. LONG TERM DEBT *(continued)*

(\*) 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 \$95,637 as at March 31, 2022; \$55,174 in 2021). 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.

## 11. CAPITAL LEASE OBLIGATION

2022 2021

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. \$ 106,192 \$ 172,592

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

2023	\$ 73,308
2024	<u>32,884</u>
	106,192
Less: imputed interest	<u>3,615</u>
Balance of obligation	\$ <u>102,577</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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 2022	Total 2021
Land and Roads	\$ 1,622,939	\$ 16,803	\$	\$ 1,639,742	\$	\$ 3,361	\$	\$ 3,361	\$ 1,636,381	\$ 1,622,939
Buildings	32,209,169	380,484		32,589,653	14,168,623	1,522,416		15,691,039	16,898,614	18,040,546
CMHC Housing	3,639,670			3,639,670	783,723	114,247		897,970	2,741,700	2,855,947
Computers	345,660	1,822		347,482	336,105	7,561		343,666	3,816	9,555
Equipment	7,405,311	67,098	130,000	7,342,409	6,551,519		195,151	6,356,368	986,041	853,792
Vehicles	5,054,589	492,977	408,149	5,139,417	3,420,425	582,655	372,615	3,630,465	1,508,952	1,634,164
Assets under construction	1,259,632	308,674	-	1,568,306	-	-	-	-	1,568,306	1,259,632
	<u>\$ 51,536,970</u>	<u>\$ 1,267,858</u>	<u>\$ 538,149</u>	<u>\$ 52,266,679</u>	<u>\$ 25,260,395</u>	<u>\$ 2,230,240</u>	<u>\$ 567,766</u>	<u>\$ 26,922,869</u>	<u>\$ 25,343,810</u>	<u>\$ 26,276,575</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 13. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2 0 2 2	2 0 2 1
Ottawa Trust Funds	\$ 15,353	\$ 15,064
CMHC replacement reserve required amount	83,188	151,112
CMHC operating surplus reserve required amount	14,531	12,949
Investments in joint ventures	171,378	477,531
Investment in tangible capital assets	19,946,595	20,495,505
Unrestricted accumulated surplus	<u>23,140,955</u>	<u>26,247,583</u>
	<u>\$ 43,372,000</u>	<u>\$ 47,399,744</u>

## 14. JOINT VENTURES

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

- 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**15. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE**

		2 0 2 2	2 0 2 1
Per agreement:	#1819-MB-000034	\$ 3,489,716	\$ 4,326,114
	#1516-MB-000073	<u>2,610,446</u>	<u>2,223,639</u>
TOTAL I.S.C. REVENUE PER FUNDING CONFIRMATION		<u>\$ 6,100,162</u>	<u>\$ 6,549,753</u>
Revenue as per Statement of Operations (Statement 2)			
Indigenous Services Canada		\$ 3,489,716	\$ 4,326,114
First Nations and Inuit Health		<u>2,610,446</u>	<u>2,223,639</u>
TOTAL I.S.C. REVENUE PER FINANCIAL STATEMENTS		<u>\$ 6,100,162</u>	<u>\$ 6,549,753</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, 2022

## 18. BUDGET

The Fox Lake Cree Nation has not prepared a complete consolidated budget for the year ended March 31, 2022. 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 2	2 0 2 1
Administration	\$ 290,176	\$ 289,132
Advertising	50,754	13,626
Amortization of capital assets	2,230,240	3,221,028
Bad debts	29,304	60,911
Bank and interest charges	171,537	184,605
Community activities	895,387	215,237
Contract services	77,203	426,547
Cost of sales	1,518,628	1,855,436
Equipment	16,222	125,856
Insurance	291,272	294,752
Interest on long-term debt	29,957	34,168
Loss on Investments	3,866,720	378,740
MLC commission and fees	117,665	70,328
Office expenses	240,689	171,843
Other	849,929	809,699
Professional fees	1,245,332	1,319,645
Program costs	1,903,487	1,485,359
Repairs and maintenance	1,552,529	674,566
Rent	1,009,550	381,376
Salaries and benefits	6,218,596	6,666,704
Social assistance	184,212	218,854
Student support	7,373	13,190
Supplies	677,413	546,200
Telephone	147,161	155,322
Travel	627,663	321,995
Training	298,585	193,464
Tuition	278,544	195,315
Utilities	424,345	428,189
	<u>\$ 25,250,473</u>	<u>\$ 20,752,087</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
I.S.C.	\$ 737,392	\$ 1,064,586	\$ 69,516	\$ 58,396	\$ 503,442	\$ 653,048	\$	\$	\$ 1,672,783	\$ 2,027,277
F.N.I.H.							2,610,446	2,223,639		
C.M.H.C.										
Deferred from prior year	263,696	273,427			7,604		2,257,424	1,517,996	1,838,947	263,031
Deferred to following year	( 393,954)	( 263,696)	-	-	( 79,048)	( 7,604)	( 1,733,698)	( 2,257,424)	( 1,521,397)	( 1,838,947)
Subtotal	607,134	1,074,317	69,516	58,396	431,998	645,444	3,134,172	1,484,211	1,990,333	451,361
Other revenue	<u>2,070,142</u>	<u>3,070,937</u>	<u>-</u>	<u>-</u>	<u>325,000</u>	<u>4,645</u>	<u>5,811</u>	<u>4,561</u>	<u>155,252</u>	<u>263,103</u>
Total revenue	<u>2,677,276</u>	<u>4,145,254</u>	<u>69,516</u>	<u>58,396</u>	<u>756,998</u>	<u>650,089</u>	<u>3,139,983</u>	<u>1,488,772</u>	<u>2,145,585</u>	<u>714,464</u>
Expenses										
Amortization	272,010	1,461,376					99,799	53,784		
Debt servicing										
Other	1,607,932	1,217,212	58,217	51,788	305,264	639,848	2,088,549	1,154,284	1,378,498	1,087,962
Salaries and benefits	<u>736,896</u>	<u>757,975</u>	<u>3,115</u>	<u>-</u>	<u>34,570</u>	<u>44,822</u>	<u>810,680</u>	<u>632,048</u>	<u>388,725</u>	<u>415,226</u>
Total expenses	<u>2,616,838</u>	<u>3,436,563</u>	<u>61,332</u>	<u>51,788</u>	<u>339,834</u>	<u>684,670</u>	<u>2,999,028</u>	<u>1,840,116</u>	<u>1,767,223</u>	<u>1,503,188</u>
Surplus (Deficit)	<u>\$ 60,438</u>	<u>\$ 708,691</u>	<u>\$ 8,184</u>	<u>\$ 6,608</u>	<u>\$ 417,164</u>	<u>\$ ( 34,581)</u>	<u>\$ 140,955</u>	<u>\$ ( 351,344)</u>	<u>\$ 378,362</u>	<u>\$ ( 788,724)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

21. SEGMENT DISCLOSURE (continued)

	Implementation and Future Development		Operating Program		Education		Nikanhik Itapowin Trust		Band Housing	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
I.S.C.	\$ 416,857	\$ 418,207	\$	\$	\$ 89,726	\$ 34,600	\$	\$	\$	\$ 70,000
F.N.I.H.										
C.M.H.C.										
Deferred from prior year	705,841	365,707	268,395							400,000
Deferred to following year	( 451,720)	( 705,841)	( 236,335)	( 268,395)	-	-	-	-	-	-
Subtotal	670,978	78,073	32,060	( 268,395)	89,726	34,600	-	-		470,000
Other revenue	<u>3,199,457</u>	<u>3,043,975</u>	<u>632,560</u>	<u>850,542</u>	<u>-</u>	<u>-</u>	<u>1,505,085</u>	<u>589,285</u>	<u>253,163</u>	<u>297,803</u>
Total revenue	<u>3,870,435</u>	<u>3,122,048</u>	<u>664,620</u>	<u>582,147</u>	<u>89,726</u>	<u>34,600</u>	<u>1,505,085</u>	<u>589,285</u>	<u>253,163</u>	<u>767,803</u>
Expenses										
Amortization	607	4,017					371	463	894,656	910,331
Debt servicing	161	31,434								
Other	1,820,182	1,273,973	431,097	208,619	5,064	54,922	593,118	543,506	382,136	602,033
Salaries and benefits	<u>1,657,202</u>	<u>1,612,976</u>	<u>298,503</u>	<u>240,896</u>	<u>6,951</u>	<u>63,676</u>	<u>16,544</u>	<u>23,617</u>	<u>215,824</u>	<u>215,170</u>
Total expenses	<u>3,478,152</u>	<u>2,922,400</u>	<u>729,600</u>	<u>449,515</u>	<u>12,015</u>	<u>118,598</u>	<u>610,033</u>	<u>567,586</u>	<u>1,492,616</u>	<u>1,727,534</u>
Surplus (Deficit)	<u>\$ 392,283</u>	<u>\$ 199,648</u>	<u>\$ ( 64,980)</u>	<u>\$ 132,632</u>	<u>\$ 77,711</u>	<u>\$ ( 83,998)</u>	<u>\$ 895,052</u>	<u>\$ 21,699</u>	<u>\$ ( 1,239,453)</u>	<u>\$ ( 959,731)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2022

21. SEGMENT DISCLOSURE (continued)

	CMHC Housing		First Nation Programs		Gaming Center and Smoke Shop		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Federal Government								
I.S.C.	\$	\$	\$	\$	\$	\$	\$ 3,489,716	\$ 4,326,114
F.N.I.H.							2,610,446	2,223,639
C.M.H.C.	259,276	139,818					259,276	139,818
Deferred from prior year							5,341,907	2,820,161
Deferred to following year	-	-	-	-	-	-	( 4,416,152)	( 5,341,907)
Subtotal	259,276	139,818			-	-	7,285,193	4,167,825
Other revenue	80,460	72,948	3,990,341	3,845,845	1,720,265	1,680,247	13,937,536	13,723,891
Total revenue	339,736	212,766	3,990,341	3,845,845	1,720,265	1,680,247	21,222,729	17,891,716
Expenses								
Amortization	114,247	112,614	786,365	615,435	62,185	63,008	2,230,240	3,221,028
Debt servicing	29,066	31,025	48,151	65,055			77,378	127,514
Other	136,107	37,878	6,901,967	2,591,548	1,016,128	1,273,268	16,724,259	10,736,841
Salaries and benefits	-	-	1,670,736	2,225,060	378,850	435,238	6,218,596	6,666,704
Total expenses	279,420	181,517	9,407,219	5,497,098	1,457,163	1,771,514	25,250,473	20,752,087
Surplus (Deficit)	\$ 60,316	\$ 31,249	\$ ( 5,416,878)	\$ ( 1,651,253)	\$ 263,102	\$ ( 91,267)	\$ ( 4,027,744)	\$ ( 2,860,371)