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MISIPAWISTIK CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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MISIPAWISTIK CREE NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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**INDEPENDENT AUDITORS' REPORT**To the Members  
Misipawistik Cree NationT. 204.623.5437  
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TF. 1.800.663.2679[www.collinsbarrow.com](http://www.collinsbarrow.com)

We have audited the accompanying financial statements of Misipawistik Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, change in net debt and cash flows for the year ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

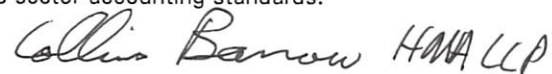
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

Canadian public sector accounting standards require the Cree Nation to account for investments in Government Business Enterprises using the modified equity method. The Cree Nation is a limited partner in Pinesiw Energy Limited Partnership for which current financial statements were unavailable in the prior year. Consequently, the Cree Nation had accounted for this investment based upon the enterprise's December 31, 2011 financial results. In the current year the Cree Nation's share of the enterprise's loss for both the December 31, 2012 and 2013 years has been recorded as an adjustment to long-term investments and income.

**Qualified Opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the consolidated financial position of Misipawistik Cree Nation as at March 31, 2014 and the consolidated results of its operations, change in net debt and cash flows for the year ended March 31, 2014 in accordance with Canadian public sector accounting standards.

  
CHARTERED ACCOUNTANTSThe Pas, Manitoba  
August 5, 2014



# Misipawistik Cree Nation

P.O. Box 500, Grand Rapids, Manitoba R0C 1E0  
Ph: (204) 639-2219 / 2485 / 2486 / 2203 Fax: (204) 639-2503

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Misipawistik 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. Financial statements are not precise since they include certain amounts based on estimation and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Cree Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Cree Nation's assets are appropriately accounted for and adequately safeguarded.

The Cree Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Management reviews the Cree Nation's financial statements with Chief and Council and recommends their approval. 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 annual report, the financial statements and the external auditors' report.

The consolidated financial statements have been audited by Collins Barrow HMA LLP in accordance with Canadian public sector accounting standards on behalf of the members. Collins Barrow HMA LLP have full and free access to Management and Chief and Council.

Chief

Councillor



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2014	2013 (restated)
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### FINANCIAL ASSETS

Trust funds held by federal government (Note 4)	\$ 34,494	\$ 34,036
Accounts receivable (Note 5)	2,355,262	1,851,674
Long term investments (Note 6)	<u>8,488,768</u>	<u>9,202,017</u>
	<u>\$ 10,878,524</u>	<u>\$ 11,087,727</u>

### LIABILITIES

Bank indebtedness (Note 3)	\$ 247,357	\$ 156,705
Accounts payable and accrued liabilities (Note 7)	2,554,487	1,932,266
Deferred revenue (Note 8)	115,028	15,239
Long term debt (Note 9)	<u>13,895,932</u>	<u>11,385,825</u>
	<u>16,812,804</u>	<u>13,490,035</u>
NET FINANCIAL DEBT	<u>( 5,934,280)</u>	<u>( 2,402,308)</u>

### NON-FINANCIAL ASSETS

Prepaid expenses	18,522	18,675
Inventory	4,023	4,346
Tangible capital assets (Note 10)	<u>28,081,136</u>	<u>24,812,748</u>
	<u>28,103,681</u>	<u>24,835,769</u>
ACCUMULATED SURPLUS	<u>\$ 22,169,401</u>	<u>\$ 22,433,461</u>

CONTINGENCIES (Note 11)

Approved on behalf of Council

.....  
Chief

.....  
Councillor

.....  
Collins Barrow

# MISIPAWISTIK CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2014	2013 (restated)
<b>REVENUE</b>		
Aboriginal Affairs and Northern Development Canada	\$ 4,945,679	\$ 3,480,325
First Nations and Inuit Health	1,280,674	1,320,070
Canada Mortgage and Housing Corporation	365,509	391,230
Manitoba Keewatinowi Okimakanak	308,341	400,990
Manitoba Hydro	868,964	1,814,569
Parks Canada	100,000	58,355
Province of Manitoba	104,438	37,543
Solicitor General	33,626	33,626
Income (loss) from long term investments	( 128,127)	398,639
Insurance	151,004	5,949
Gain (loss) on disposal of tangible capital assets	( 19,367)	21,806
Investment income	190,656	198,823
Other	801,349	839,118
Rent	419,812	323,997
Sales	495	28,529
Swampy Cree Tribal Council	259,131	255,098
Tobacco Tax Rebates	419,614	437,409
	<u>10,101,798</u>	<u>10,046,076</u>
<b>EXPENDITURES</b>		
Administration	881,198	957,529
Capital	864,837	1,002,869
Community services	1,423,092	1,365,279
Economic Development	284,554	397,334
Education	1,120,510	1,335,812
Health	1,404,470	1,436,770
Housing	686,569	680,575
Policing	32,820	23,257
Public works	514,916	360,585
Social Services	1,944,088	2,072,426
Amortization	1,208,804	1,005,808
	<u>10,365,858</u>	<u>10,638,244</u>
ANNUAL DEFICIT	( 264,060)	( 592,168)
ACCUMULATED SURPLUS, <i>beginning of year as restated (Note 2)</i>	<u>22,433,461</u>	<u>23,025,629</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ <u>22,169,401</u>	\$ <u>22,433,461</u>

# MISIPAWISTIK CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

	YEAR ENDED MARCH 31	
	2 0 1 4	2 0 1 3 (restated)
Annual deficit	\$( 264,060)	\$( 592,168)
Acquisition of tangible capital assets	( 4,496,559)	( 4,465,520)
Amortization of tangible capital assets	1,208,804	1,005,808
Loss (gain) on sale of tangible capital assets	<u>19,367</u>	<u>( 21,806)</u>
	<u>( 3,268,388)</u>	<u>( 3,481,518)</u>
Use of inventories	323	335
Use of prepaid expenses	<u>153</u>	<u>48,713</u>
	<u>476</u>	<u>49,048</u>
CHANGE IN NET DEBT FOR YEAR	( 3,531,972)	( 4,024,638)
NET ASSETS (DEBT), <i>beginning of year as restated (Note 2)</i>	<u>( 2,402,308)</u>	<u>1,622,330</u>
NET DEBT, <i>end of year</i>	<u>\$( 5,934,280)</u>	<u>\$( 2,402,308)</u>

# MISIPAWISTIK CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2 0 1 4	2 0 1 3 (restated)
CASH FLOW FROM		
<i>OPERATING ACTIVITIES</i>		
Cash receipts from Aboriginal Affairs and Northern Development Canada	\$ 3,764,236	\$ 3,546,314
Cash received from Manitoba Hydro	803,972	1,089,613
Cash received from other sources	6,139,198	4,876,275
Cash paid to suppliers and employees	(8,514,990)	(9,137,238)
	<u>2,192,416</u>	<u>374,964</u>
<i>CAPITAL TRANSACTIONS</i>		
Acquisition of tangible capital assets	(4,496,559)	(4,465,520)
<i>INVESTING ACTIVITY</i>		
Investment in government business enterprises	(296,616)	(1,582,928)
<i>FINANCING ACTIVITIES</i>		
Repayment of long term debt	(3,120,498)	(568,367)
Advances from long term debt	5,630,605	5,026,497
	<u>2,510,107</u>	<u>4,458,130</u>
NET CHANGE IN BANK INDEBTEDNESS DURING YEAR	(90,652)	(1,215,354)
CASH (BANK INDEBTEDNESS), <i>beginning of year</i>	(156,705)	1,058,649
BANK INDEBTEDNESS, <i>end of year (Note 3)</i>	<u>\$(247,357)</u>	<u>\$(156,705)</u>



# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING*

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 Canadian Institute of Chartered Accountants.

#### *REPORTING ENTITY*

The Misipawistik Cree Nation reporting entity includes the Misipawistik Cree Nation (the Cree Nation) government and all related entities that are controlled by the Cree Nation.

#### *PRINCIPLES OF CONSOLIDATION*

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

Under the modified equity method of accounting, only the Cree Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Cree Nation.

Organizations consolidated in the Cree Nation's financial statements include:

- Misipawistik Cree Nation Housing Authority
- Misipawistik Cree Nation Gaming Commission
- Grand Rapids First Nation Immediate Use Fund
- Misipawistik Cree Nation Health Authority Inc.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Organizations accounted for by the modified equity basis include:

- Grand Rapids First Nation Development Corporation
- Chus-Chug-U Gaming Trust
- Pinesiw Energy Limited Partnership (1/2 interest)
- Misipawistik Telecommunications Cooperative
- Aseneskak Casino (1/6 interest)
- Grand Rapids First Nation Development Trust

The Cree Nation reports and assesses these enterprises by major business line.

#### *CASH AND CASH EQUIVALENTS*

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *INVENTORY*

Inventories of goods available for resale are recorded at the lower of cost and net realizable value.

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

#### *TANGIBLE CAPITAL ASSETS*

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisitions, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all of the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Cree Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis, over the expected useful life of the assets in the table that follows.

Automotive	5 years
Buildings	25-40 years
Office equipment	4-10 years
Housing	20-40 years
Land Improvements	30 years
Roads	40 years
Water and Sewer	25 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Cree Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *REVENUE RECOGNITION*

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulations are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

#### *MEASUREMENT UNCERTAINTY*

In preparing the consolidated financial statements for the Cree Nation, management is required 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 period. Items requiring the use of significant estimates include the allowance for doubtful accounts and the remaining useful life of tangible capital assets.

#### *FINANCIAL INSTRUMENTS*

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and long-term debt. Unless otherwise stated, it is management's opinion that the Cree Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments. Unless indicated, the book value of the Cree Nation's financial instruments approximate their fair value.



# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2013, Misipawistik Cree Nation retroactively changed its accounting policy to include Misipawistik Cree Nation Health Authority Inc. in its consolidated financial statements as this entity had not previously been consolidated.

This change has been applied retrospectively and the financial statement impact on amounts previously presented for the year ended March 31, 2013 is as follows:

	As previously reported	Increase (Decrease)	Restated
<u>Consolidated Statement of Financial Position</u>			
Accounts receivable	\$ 1,816,154	\$ 35,520	\$ 1,851,674
Bank indebtedness	109,258	47,447	156,705
Accounts payable and accrued liabilities	1,866,388	65,878	1,932,266
Deferred revenue		15,239	15,239
Prepaid expenses		18,675	18,675
Net Debt	( 2,309,264)	( 93,044)	( 2,402,308)
Tangible Capital Assets	24,564,927	247,821	24,812,748
Accumulated Surplus	22,260,009	173,452	22,433,461
<u>Consolidated Statement of Operations</u>			
Total revenue	8,808,950	1,237,126	10,046,076
Total expenditures	9,369,110	1,269,134	10,638,244
Annual deficit	( 560,160)	( 32,008)	( 592,168)
Accumulated Surplus, <i>beginning of year</i>	22,820,169	205,460	23,025,629
Accumulated Surplus, <i>end of year</i>	22,260,009	173,452	22,433,461
<u>Consolidated Statement of Change in Net Debt</u>			
Annual deficit	( 560,160)	( 32,008)	( 592,168)
Acquisition of tangible capital assets	( 4,432,608)	( 32,912)	( 4,465,520)
Amortization of tangible capital assets	941,618	64,190	1,005,808
Use (acquisition) of prepaid expenses	51,281	( 2,568)	48,713
Change in net debt for year	( 4,021,340)	( 3,298)	( 4,024,638)
Net Assets, <i>beginning of year</i>	1,712,076	( 89,746)	1,622,330
Net Debt, <i>end of year</i>	( 2,309,264)	( 93,044)	( 2,402,308)

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 3. BANK INDEBTEDNESS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Cree Nation must set aside funds for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the replacement and subsidy fund. Bank indebtedness is comprised of the following:

	2 0 1 4	2 0 1 3 (restated)
Externally Restricted		
Housing replacement reserve	\$ 9,854	\$ 49,895
Unrestricted		
Operating	( 212,757)	( 261,227)
Social	( 25,635)	( 880)
Daycare	6,892	4,660
Brushclearing	4,092	7,262
Housing	3,239	91,031
Health	( 33,042)	( 47,446)
	<u>\$ ( 247,357)</u>	<u>\$ ( 156,705)</u>

### 4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	Opening Balance	Additions	Withdrawals	2 0 1 4	2 0 1 3
Revenue	\$ 30,850	\$ 458	\$ -	\$ 31,308	\$ 30,850
Capital	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>	<u>3,186</u>
	<u>\$ 34,036</u>	<u>\$ 458</u>	<u>\$ -</u>	<u>\$ 34,494</u>	<u>\$ 34,036</u>

Trust fund accounts arise 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

### 5. ACCOUNTS RECEIVABLE

	2 0 1 4	2 0 1 3 (restated)
Aboriginal Affairs and Northern Development Canada	\$ 1,149,321	\$ -
Manitoba Hydro	728,117	663,125
Grand Rapids First Nation Development Corporation	301,712	748,304
Pinesiw Energy Limited Partnership		151,253
Rent	2,398,182	2,365,657
Tobacco Tax	39,781	57,514
Payroll advances	88,138	78,064
Other	<u>1,204,987</u>	<u>996,677</u>
	<u>5,910,238</u>	<u>5,060,594</u>
Allowance for doubtful accounts	<u>(3,554,976)</u>	<u>(3,208,920)</u>
	<u>\$ 2,355,262</u>	<u>\$ 1,851,674</u>



# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 6. LONG TERM INVESTMENTS

The following table presents condensed financial information for the Cree Nation's long term investments.

	Retail Sales and Services	Entertainment Services	Portfolio Investments	2 0 1 4	2 0 1 3
Cash	\$ 362,566	\$ 792,101	\$ 52,077	\$ 1,206,744	\$ 1,626,919
Accounts Receivable	503,311	56,769		560,080	542,955
Inventory	377,224	8,332		385,556	504,504
Capital Assets	5,441,405	456,469		5,897,874	7,273,783
Other Assets	<u>1,292,110</u>	<u>7,342</u>	<u>4,262,354</u>	<u>5,561,806</u>	<u>5,438,993</u>
TOTAL ASSETS	<u>\$ 7,976,616</u>	<u>\$ 1,321,013</u>	<u>\$ 4,314,431</u>	<u>\$ 13,612,060</u>	<u>\$ 15,387,154</u>
Accounts Payable	\$ 638,667	\$ 72,879	\$	\$ 711,546	\$ 660,463
Long Term Debt	2,847,454	188,576		3,036,030	3,373,981
Other Liabilities	<u>1,356,503</u>	<u>19,213</u>	<u>-</u>	<u>1,375,716</u>	<u>2,150,693</u>
TOTAL LIABILITIES	<u>4,842,624</u>	<u>280,668</u>	<u>-</u>	<u>5,123,292</u>	<u>6,185,137</u>
EQUITY	<u>3,133,992</u>	<u>1,040,345</u>	<u>4,314,431</u>	<u>8,488,768</u>	<u>9,202,017</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 7,976,616</u>	<u>\$ 1,321,013</u>	<u>\$ 4,314,431</u>	<u>\$ 13,612,060</u>	<u>\$ 15,387,154</u>
REVENUE	\$ 13,014,351	\$ 2,986,605	\$ 223,143	\$ 16,224,099	\$ 15,017,382
EXPENDITURES	14,347,069	1,572,696	38,188	15,957,953	14,691,034
OTHER ITEMS	<u>647,254</u>	<u>( 1,321,452)</u>	<u>( 190,655)</u>	<u>( 864,853)</u>	<u>( 859,927)</u>
NET INCOME	<u>\$ ( 685,464)</u>	<u>\$ 92,457</u>	<u>\$ ( 5,700)</u>	<u>\$ ( 598,707)</u>	<u>\$ ( 533,579)</u>

#### Retail Sales and Services

Retail Sales and Services is comprised of the operations of Grand Rapids First Nation Development Corporation which operates a grocery store (MCN Foods), gas bar, confectionery and restaurant, the community's 1/2 interest in Pinesiw Energy Limited Partnership and Misipawistik Telecommunications Co-operative which provides high speed internet services to the Cree Nation.

#### Entertainment Services

Entertainment Services are comprised of Chus-Chug-U Gaming Trust which is a VLT lounge located in the Cree Nation and the community's 1/6 interest in Aseneskak Casino Limited Partnership.

#### Portfolio Investments

Portfolio Investments is comprised of Grand Rapids First Nation Development Trust which was settled upon the receipt of certain monies from Manitoba Hydro. Access to the assets of Grand Rapids First Nation Development Trust is restricted to certain permitted uses as described in the terms of the trust indenture. The fair value of the GRFNDT's assets at March 31, 2014 is \$4,681,392.

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 4	2 0 1 3 (restated)
Aboriginal Affairs and Northern Development Canada	\$ 187,453	\$ 221,302
Lagoon project	358,786	
Trade payables, accruals and other	<u>2,008,248</u>	<u>1,710,964</u>
	<u>\$ 2,554,487</u>	<u>\$ 1,932,266</u>

### 8. DEFERRED REVENUE

	2 0 1 4	2 0 1 3 (restated)
Aboriginal Head Start	\$	\$ 9,027
Brighter Futures Initiative	11,994	
Diabetes Program	7,245	1,646
Employment and Training	90,115	
Home Care	<u>5,674</u>	<u>4,566</u>
	<u>\$ 115,028</u>	<u>\$ 15,239</u>

### 9. LONG TERM DEBT

	2 0 1 4	2 0 1 3
First Nations Bank of Canada loan, interest at prime + 2% payable monthly, annual principal payments of \$140,000, due April, 2017.	\$ 562,378	\$ 700,000
First Nations Bank of Canada loan, interest at prime + 2% payable monthly, annual principal payments of \$100,000, due April, 2017.	401,699	500,000
First Nations Bank of Canada loan, interest at prime + 2% payable monthly, annual principal payments of \$150,000, due April, 2017.	602,548	750,000
First Nations Bank of Canada interim demand loan, interest at 5% payable monthly, due June, 2013.		1,900,375
First Nations Bank of Canada interim demand loan, interest at 5% payable monthly, due June, 2013.		772,060
First Nations Bank of Canada loan, interest at 5.33%, monthly blended payments of \$16,132, due September, 2033.	2,350,825	
First Nations Bank of Canada loan, interest at 5.33%, monthly blended payments of \$6,069, due September, 2033.	884,459	
First Nations Bank of Canada loan, interest at prime + 2% payable monthly, annual principal payments of \$70,000, due April, 2018	351,486	

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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

	2014	2013
First Nations Bank of Canada loan, interest at prime + 2.75% payable monthly, annual principal payments of \$42,179, due June 1, 2013.		42,179
First Nations Bank of Canada loan, interest at prime + 2.75% payable monthly, annual principal payments of \$49,793, due June 1, 2013.		49,793
TD Canada Trust interim financing, interest at prime + 2%, repayable on demand or upon the receipt of specified AANDC funding, maturing March 31, 2016.	2,358,281	
Mortgage payable, Peace Hills Trust, interest at 4.15%, repayable in monthly blended installments of \$685, maturing November 1, 2018.	34,969	40,792
Canada Mortgage and Housing Corporation loan, interest at 2.69%, payable in monthly blended installments of \$2,410, due August 1, 2015.	206,156	229,230
Canada Mortgage and Housing Corporation loan, interest at 1.92%, payable in monthly installments of \$3,773 (P&I), due April 1, 2019.	592,784	626,678
Canada Mortgage and Housing Corporation loan, interest at 2.63%, payable in monthly blended installments of \$548, due June 1, 2016.	90,927	95,069
Canada Mortgage and Housing Corporation loan, interest at 1.64%, payable in monthly blended installments of \$5,399, due February 1, 2017.	1,001,608	1,049,601
Canada Mortgage and Housing Corporation loan, interest at 1.62%, payable in monthly blended installments of \$3,179, due March 1, 2018.	623,844	651,675
Canada Mortgage and Housing Corporation loan, interest at 3.70%, payable in monthly installments of \$4,452, due June 1, 2018.	876,112	912,707
Canada Mortgage and Housing Corporation loan, interest at 2.23%, payable in monthly blended installments of \$5,705, due August 1, 2014.	1,115,349	1,158,526
Canada Mortgage and Housing Corporation loan, interest at 1.64%, payable in monthly blended installments of \$2,900, due December 1, 2016.	660,751	684,544
Canada Mortgage and Housing Corporation loan, interest at 1.8%, payable in monthly blended installments of \$5,203, due December 1, 2016.	<u>1,181,756</u>	<u>1,222,596</u>
	<u>\$13,895,932</u>	<u>\$11,385,825</u>

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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

Loans payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guarantee by the Government of Canada.

Loans payable to First Nations Bank of Canada and Peace Hills Trust are secured by a general security agreement, the specific assets financed and various Band Council Resolutions authorizing the assignment of certain incoming funding for debt repayment purposes.

The loan payable to TD Canada Trust is secured by a commitment to redirect certain funds from Aboriginal Affairs and Northern Development Canada towards repayment of the loan.

The aggregate of payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2015	\$ 2,300,578
2016	1,953,654
2017	786,126
2018	798,185
2019	418,141



# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 10. 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	Total 2014	Total 2013 (restated)
Automotive Buildings	\$ 694,256	\$ 35,028	\$ 53,155	\$ 676,129	\$ 560,277	\$ 39,446	\$ 31,329	\$ 107,735	\$ 133,979
Construction in progress	3,332,845	1,557,627	1,250,000	3,640,472	2,004,090	124,426	1,250,000	2,761,956	1,328,755
Land improvements	4,384,340	599,570	4,983,910						4,384,340
Housing	78,320			78,320					
Office equipment	21,943,705	4,093,153	98,904	25,937,954	6,264,863	658,554	101,363	19,115,900	15,678,842
Roads	254,469	19,856		274,325	165,772	21,714		86,839	88,697
Water and sewer	1,895,000	16,712		1,911,712	1,533,056	47,619		331,037	361,944
	7,206,663	3,158,523	-	10,365,186	4,370,472	317,045	-	5,677,669	2,836,191
	<u>\$ 39,789,598</u>	<u>\$ 9,480,469</u>	<u>\$ 6,385,969</u>	<u>\$ 42,884,098</u>	<u>\$ 14,976,850</u>	<u>\$ 1,208,804</u>	<u>\$ 1,382,692</u>	<u>\$ 28,081,136</u>	<u>\$ 24,812,748</u>



# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

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### 11. CONTINGENCIES

#### Government Funding

The Cree Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made.

For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.

#### Loan Guarantees for Government Business Enterprises

The Cree Nation has guaranteed certain debts of Grand Rapids First Nation Development Corporation and Pinesiw Energy Limited Partnership. Aggregate guarantees are in excess of \$2,900,000 and are recorded as a liability of the individual enterprises not the Cree Nation.

If these enterprises become unable to repay these debts as they become due the Cree Nation may be contingently liable for the amounts.

### 12. BUDGET FIGURES

The Cree Nation has not completed a budget for the March 31, 2014 fiscal year. Accordingly budget figures are not presented in the financial statements.

### 13. COMMITMENTS

#### Manitoba Hydro Relationship Agreement

In a previous fiscal year the Cree Nation entered into a relationship agreement with Manitoba Hydro. This relationship agreement provides annual funding amounts to the Cree Nation. The Cree Nation is obligated under the agreement to retain and invest a portion of the amounts received from Manitoba Hydro for long-term purposes but has not done so to date.

On April 1, 2014, Manitoba Hydro notified the Cree Nation that it was required to retain and invest \$356,986 from the current annual payment. The Cree Nation is in the process of developing an appropriate vehicle to retain and invest these funds.

#### Canada Mortgage and Housing Corporation

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Cree Nation must set aside funds for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the replacement and subsidy fund.

As of March 31, 2014, the replacement reserve fund is underfunded by \$171,219.

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 14. ECONOMIC DEPENDENCE

The Cree Nation receives a majority of its revenue from and consequently is economically dependant on the Government of Canada.

### 15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

### 16. GOVERNMENT TRANSFERS

	Operating	Capital	2 0 1 4	Operating (restated)	Capital (restated)	2 0 1 3 (restated)
Aboriginal Affairs and Northern Development Canada	\$ 3,151,723	\$ 1,793,956	\$ 4,945,679	\$ 3,125,825	\$ 354,500	\$ 3,480,325
First Nations and Inuit Health	1,244,866	35,808	1,280,674	1,289,159	30,911	1,320,070
Canada Mortgage and Housing Corporation	365,509		365,509	391,230		391,230
Parks Canada	100,000		100,000	58,355		58,355
Solicitor General	33,626	-	33,626	33,626	-	33,626
Sub-total	4,895,724	1,829,764	6,725,488	4,898,195	385,411	5,283,606
Provincial	104,438	-	104,438	37,543	-	37,543
	<u>5,000,162</u>	<u>1,829,764</u>	<u>6,829,926</u>	<u>4,935,738</u>	<u>385,411</u>	<u>5,321,149</u>

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 17. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 4	2 0 1 3 (restated)
Amortization	\$ 1,208,804	\$ 1,005,808
Donations	318,301	331,038
Economic assistance	1,602,650	1,850,874
Insurance	383,534	328,676
Interest and bank charges	469,846	268,535
Member distribution	500	163,200
Professional fees	182,211	147,367
Repairs and maintenance	915,397	713,956
Salaries and benefits	2,212,136	2,339,497
Student support	844,255	1,072,263
Supplies	115,348	161,752
Travel	334,016	343,183
Utilities	368,019	212,595
Other	<u>1,410,841</u>	<u>1,699,500</u>
	<u>\$ 10,365,858</u>	<u>\$ 10,638,244</u>

### 18. RELATED PARTY TRANSACTIONS

In the normal course of business the Cree Nation enters into transactions with related parties. Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due to the significant volume of transactions between the Cree Nation and related parties aggregate revenue and expenditures derived from related parties is not determinable.

Included within accounts payable and not separately disclosed elsewhere is \$78,892 (2013 - \$43,526) which is payable to the Cree Nation's government business enterprises for goods and services purchased in the ordinary course of business.

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2014

### 19. SEGMENT DISCLOSURE

Misipawistik Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	Administration		Community Development		Community Services		Community Learning	
	2014	2013	2014	2013	2014	2013	2014	2013
REVENUE								
AANDC	\$ 353,966	\$ 401,335	\$ 1,793,956	\$ 354,500	\$ 253,615	\$ 202,048	\$ 628,041	\$ 650,791
Solicitor General					33,626	33,626		
CMHC			365,509					
	353,966	401,335	2,159,465	354,500	287,241	235,674	628,041	650,791
Other	54,477	52,379	2,788,982	4,521,874	155,475	144,201	354,873	361,970
	408,443	453,714	4,948,447	4,876,374	442,716	379,875	982,914	1,012,761
EXPENDITURES								
Amortization			1,127,497	902,072	41,103	39,186	712	612
Salaries and benefits	452,036	572,007	342,087	341,143	323,025	286,771	227,619	248,535
Other	429,162	385,522	2,455,614	2,684,359	420,447	274,659	1,170,579	1,347,034
	881,198	957,529	3,925,198	3,927,574	784,575	600,616	1,398,910	1,596,181
	<u>\$ ( 472,755)</u>	<u>\$ ( 503,815)</u>	<u>\$ 1,023,249</u>	<u>\$ 948,800</u>	<u>\$ ( 341,859)</u>	<u>\$ ( 220,741)</u>	<u>\$ ( 415,996)</u>	<u>\$ ( 583,420)</u>
SURPLUS (DEFICIT)								

	Social Services		Health		TOTAL	
	2014	2013	2014	2013	2014	2013
		(restated)		(restated)		(restated)
REVENUE						
AANDC	\$ 1,916,101	\$ 1,871,651	\$ 1,280,674	\$ 1,320,070	\$ 4,945,679	\$ 3,480,325
FNHI					1,280,674	1,320,070
Solicitor General					33,626	33,626
CMHC					365,509	
	1,916,101	1,871,651	1,280,674	1,320,070	6,625,488	4,834,021
Other			122,503	131,631	3,476,310	5,212,055
	1,916,101	1,871,651	1,403,177	1,451,701	10,101,798	10,046,076
EXPENDITURES						
Amortization			39,492	63,938	1,208,804	1,005,808
Salaries and benefits	76,184	77,633	791,185	813,408	2,212,136	2,339,497
Other	1,867,904	1,994,793	601,212	606,572	6,944,918	7,292,939
	1,944,088	2,072,426	1,431,889	1,483,918	10,365,858	10,638,244
	<u>\$ ( 27,987)</u>	<u>\$ ( 200,775)</u>	<u>\$ ( 28,712)</u>	<u>\$ ( 32,217)</u>	<u>\$ ( 264,060)</u>	<u>\$ ( 592,168)</u>
SURPLUS (DEFICIT)						