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MISIPAWISTIK CREE NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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# MISIPAWISTIK CREE NATION

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

CONSOLIDATED STATEMENT OF OPERATIONS.....STATEMENT 2

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT.....STATEMENT 3

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT

To the Members  
Misipawistik Cree Nation

**Baker Tilly HMA LLP**  
334 Ross Avenue, PO Box 1200  
The Pas, MB R9A 1L2

**T:** 204.623.5437  
**TF:** 1.800.663.2679  
**F:** 204.623.6390

thepas@bakertilly.ca  
[www.bakertilly.ca](http://www.bakertilly.ca)

### Opinion

We have audited the accompanying consolidated financial statements of Misipawistik Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, change in net debt 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 Misipawistik Cree Nation as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for 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 Misipawistik 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 18 in the consolidated financial statements, which discusses Misipawistik Cree Nation's debt load which is substantially financed by demand loans, and revenue reductions caused by the COVID-19 pandemic. As stated in Note 18, these events or conditions, along with other matters as set forth in Note 18, indicate that a material uncertainty exists that may cast significant doubt on Misipawistik Cree Nation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Misipawistik 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 Misipawistik Cree Nation or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the Audit of the Consolidated 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 Misipawistik 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 Misipawistik 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 Misipawistik 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.

  
Chartered Professional Accountants

The Pas, Manitoba  
November 1, 2022



# 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.

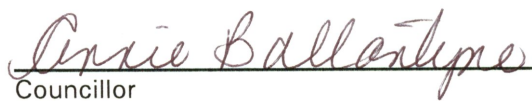
The Cree Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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 Baker Tilly HMA LLP in accordance with Canadian public sector accounting standards on behalf of the members. Baker Tilly HMA LLP have full and free access to Management and Chief and Council.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

\_\_\_\_\_  
Councillor

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 2,819,197	\$ 2,510,638
Trust funds held by federal government (Note 3)	3,660	3,618
Accounts receivable (Note 4)	4,090,288	2,763,946
Long term investments (Note 5)	<u>6,381,445</u>	<u>6,713,153</u>
	<u>13,294,590</u>	<u>11,991,355</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 1,089,127	\$ 3,497,479
Deferred revenue (Note 7)	2,231,817	983,686
Long-term debt (Note 8)	<u>43,455,440</u>	<u>43,078,317</u>
	<u>46,776,384</u>	<u>47,559,482</u>
Net debt	( 33,481,794)	( 35,568,127)
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	604,153	864,947
Inventory	1,019	3,769
Tangible capital assets (Note 9)	<u>55,290,887</u>	<u>55,951,972</u>
	<u>55,896,059</u>	<u>56,820,688</u>
Accumulated surplus	\$ <u>22,414,265</u>	\$ <u>21,252,561</u>
Contingencies (Note 10)		

Approved on behalf of Council:

  
.....  
Chief

  
.....  
Councillor

  
.....  
Councillor

.....  
Councillor

# MISIPAWISTIK CREE NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2021	2020
REVENUE		
Indigenous Services Canada	\$ 12,134,773	\$ 8,773,081
Canada Mortgage and Housing Corporation	662,641	563,662
Assembly of Manitoba Chiefs	184,047	83,826
Investment income	395,932	574,966
Manitoba Hydro	1,232,328	1,275,234
Manitoba Keewatinowi Okimakanak	714,692	471,000
Province of Manitoba	96,240	65,200
Rent	474,788	470,884
Swampy Cree Tribal Council	371,736	285,818
Tobacco tax rebate	370,953	418,837
Other	2,649,101	2,047,750
Deferred revenue from previous year	983,686	824,296
Deferred revenue to subsequent year	( 2,231,817)	( 983,686)
	<u>18,039,100</u>	<u>14,870,868</u>
EXPENDITURES		
Administration	915,044	909,400
Community Development	5,860,731	8,133,282
Community Learning	1,409,208	1,339,664
Community Services	2,185,649	1,063,034
Health	4,450,105	3,908,439
Social Services	<u>2,056,659</u>	<u>1,665,017</u>
	<u>16,877,396</u>	<u>17,018,836</u>
ANNUAL SURPLUS (DEFICIT)	1,161,704	( 2,147,968)
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>21,252,561</u>	<u>23,400,529</u>
ACCUMULATED SURPLUS, <i>end of year</i>	\$ <u>22,414,265</u>	\$ <u>21,252,561</u>



**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**
**YEAR ENDED MARCH 31**

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
Annual surplus (deficit)	\$ <u>1,161,704</u>	\$ ( <u>2,147,968</u> )
Acquisition of tangible capital assets	( <u>1,831,672</u> )	( <u>1,439,267</u> )
Amortization of tangible capital assets	<u>2,492,757</u>	<u>2,449,819</u>
	<u>661,085</u>	<u>1,010,552</u>
Use of inventories	2,750	555
Use (acquisition) of prepaid expenses and deferred charges	<u>260,794</u>	( <u>155,682</u> )
	<u>263,544</u>	( <u>155,127</u> )
CHANGE IN NET DEBT FOR YEAR	2,086,333	( 1,292,543 )
NET DEBT, <i>beginning of year</i>	( <u>35,568,127</u> )	( <u>34,275,584</u> )
NET DEBT, <i>end of year</i>	\$ ( <u>33,481,794</u> )	\$ ( <u>35,568,127</u> )



# MISIPAWISTIK CREE NATION

STATEMENT 4

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2021	2020
CASH FLOW FROM		
<i>OPERATING TRANSACTIONS</i>		
Cash received from Indigenous Services Canada	\$ 12,213,710	\$ 8,798,927
Cash received from Manitoba Hydro	1,232,328	1,275,234
Cash received from other sources	4,846,517	6,509,809
Cash paid to suppliers and employees	( 16,529,447)	( 15,624,406)
	<u>1,763,108</u>	<u>959,564</u>
<i>CAPITAL TRANSACTIONS</i>		
Acquisition of tangible capital assets	( 1,831,672)	( 1,439,267)
<i>FINANCING TRANSACTIONS</i>		
Repayment of long term debt	( 1,308,583)	( 478,452)
Advances from long term debt	<u>1,685,706</u>	<u>2,934,471</u>
	<u>377,123</u>	<u>2,456,019</u>
CHANGE IN CASH DURING YEAR	308,559	1,976,316
CASH, <i>beginning of year</i>	<u>2,510,638</u>	<u>534,322</u>
CASH , <i>end of year (Note 2)</i>	<u>\$ 2,819,197</u>	<u>\$ 2,510,638</u>

# MISIPAWISTIK CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 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 overseen by the Accounting Standards Oversight Council.

#### *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
- Asen eskak 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**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, the remaining useful life of tangible capital assets, and provision for guaranteed debts of government business enterprises.

***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.

**2. CASH**

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. Cash (bank indebtedness) is comprised of the following:

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
Externally Restricted		
Housing replacement reserve	\$ 276,113	\$ 294,633
Unrestricted		
Operating	374,357	1,054,177
Housing	456,923	423,725
Health operating and capital project	<u>1,711,804</u>	<u>738,103</u>
	<u>\$ 2,819,197</u>	<u>\$ 2,510,638</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**3. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

	Opening Balance	Additions	Withdrawals	2 0 2 1	2 0 2 0
Revenue	\$ 432	\$ 42	\$ -	\$ 474	\$ 432
Capital	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>	<u>3,186</u>
	<u>\$ 3,618</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 3,660</u>	<u>\$ 3,618</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.

**4. ACCOUNTS RECEIVABLE**

	2 0 2 1	2 0 2 0
Indigenous Services Canada	\$ 152,368	\$ 231,305
Manitoba Hydro relationship agreement	1,075,000	
Canada Mortgage and Housing Corporation	63,844	46,820
Assembly of Manitoba Chiefs		184,046
Capital project legal trust account	15,120	15,120
Grand Rapids First Nation Development Corporation	1,195,383	1,222,725
Rent	4,411,703	4,080,968
Tobacco Tax	46,130	74,577
Payroll advances	57,500	57,257
Other	<u>1,947,599</u>	<u>1,725,232</u>
	<u>8,964,647</u>	<u>7,638,050</u>
Allowance for doubtful accounts	<u>( 4,874,359)</u>	<u>( 4,874,104)</u>
	<u>\$ 4,090,288</u>	<u>\$ 2,763,946</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**5. 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 2 1	2 0 2 0
Cash	\$ 785,622	\$ 200,199	\$ 8,376	\$ 994,197	\$ 1,205,576
Accounts Receivable	382,875	221,092	39,061	643,028	472,117
Inventory	317,815	9,998		327,813	338,097
Capital Assets	2,505,023	730,994		3,236,017	3,247,150
Other Assets	348,752	183,865	4,121,935	4,654,552	4,573,404
<b>TOTAL ASSETS</b>	<b>\$ 4,340,087</b>	<b>\$ 1,346,148</b>	<b>\$ 4,169,372</b>	<b>\$ 9,855,607</b>	<b>\$ 9,836,344</b>
Accounts Payable	\$ 637,894	\$ 368,981	\$ 7,432	\$ 1,014,307	\$ 136,690
Long Term Debt		292,909		292,909	770,633
Other Liabilities	1,808,995	357,946	-	2,166,941	2,215,868
<b>TOTAL LIABILITIES</b>	<b>2,446,889</b>	<b>1,019,836</b>	<b>7,432</b>	<b>3,474,157</b>	<b>3,123,191</b>
<b>EQUITY</b>	<b>1,893,194</b>	<b>326,311</b>	<b>4,161,940</b>	<b>6,381,445</b>	<b>6,713,153</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 4,340,083</b>	<b>\$ 1,346,147</b>	<b>\$ 4,169,372</b>	<b>\$ 9,855,602</b>	<b>\$ 9,836,344</b>
 REVENUE	 \$ 10,912,863	 \$ 790,528	 \$ 232,703	 \$ 11,936,094	 \$ 16,730,540
EXPENDITURES	( 11,141,993)	( 656,481)	( 31,042)	(11,829,516)	(16,666,578)
OTHER ITEMS	( 190,866)	( 294,976)	-	( 485,842)	( 2,107,803)
<b>NET INCOME (LOSS)</b>	<b>\$ ( 419,996)</b>	<b>\$ ( 160,929)</b>	<b>\$ 201,661</b>	<b>\$ ( 379,264)</b>	<b>\$ ( 2,043,841)</b>

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 (high speed Internet) and 10040628 Manitoba Ltd. which operates a restaurant in the community.

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 1/7 interest in Aseneskak Casino Limited Partnership.

Portfolio Investments

Portfolio Investments are 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 Grand Rapids First Nation Development Trust's assets at March 31, 2021 is \$4,411,518 (2020 - \$4,586,117).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2 0 2 1	2 0 2 0
Trade payables, accruals and other	\$ <u>1,089,127</u>	\$ <u>3,497,479</u>

**7. DEFERRED REVENUE**

	2 0 2 1	2 0 2 0
Indigenous Services Canada		
- Brighter Futures	\$ 83,282	\$
- Building Health Communities	47,975	
- Community wellbeing initiative	86,389	121,653
- Construction of new homes	104,485	119,168
- COVID-19 EMAP	156,386	
- COVID-19 response	112,394	125,333
- COVID-19 Education Safe Restart	17,408	
- Emergency Response	45,000	
- Firesmart	14,563	7,147
- First Nation land management	94,149	94,149
- Jordan's Principle	249,285	35,652
- NADAP	14,689	
- Medical Transportation	49,937	
- Post Secondary Student Support	127,448	
- Provincial and private school second level services	259,669	
- Provincial and private school student support	180,250	
- Roads and Bridges	28,186	
- Waterplant Upgrade	50,000	
AMC - Headstart	44,701	
AMC - Daycare	18,074	
MKO Daycare	8,033	
Other	<u>439,514</u>	<u>480,584</u>
	\$ <u>2,231,817</u>	\$ <u>983,686</u>

**8. LONG TERM DEBT**

	2 0 2 1	2 0 2 0
Bank of Montreal, interest at prime + 2.50% payable in monthly blended principal and interest payments, due on demand.	\$ 18,888,016	\$ 18,888,016
Bank of Montreal, interest at prime + 2.50% payable in annual blended principal and interest payments, due on demand.	15,284,046	16,000,000
Opaskwayak Cree Nation, interest at 2% payable in monthly installments of \$16,369 (P&I) , due September 1, 2026.	1,013,584	
Canada Mortgage and Housing Corporation loan, interest at 0.6%, payable in monthly installments of \$1,393 (P&I), due February 1, 2022.	15,281	52,099



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**8. LONG TERM DEBT (continued)**

	2 0 2 1	2 0 2 0
Canada Mortgage and Housing Corporation loan, interest at 1.86%, payable in monthly installments of \$3,272 (P&I), due April 1, 2024.	294,520	328,000
Canada Mortgage and Housing Corporation loan, interest at 1.14%, payable in monthly installments of \$493 (P&I), due June 1, 2021.	56,823	62,068
Canada Mortgage and Housing Corporation loan, interest at 1.44%, payable in monthly installments of \$5,323 (P&I), due February 1, 2022.	640,372	694,645
Canada Mortgage and Housing Corporation loan, interest at 2.48%, payable in monthly installments of \$3,374 (P&I), due August 1, 2023.	420,101	449,844
Canada Mortgage and Housing Corporation loan, interest at 2.5%, payable in monthly installments of \$4,720 (P&I), due June 1, 2023.	594,038	635,371
Canada Mortgage and Housing Corporation loan, interest at 1.73%, payable in monthly installments of \$5,460 (P&I), due August 1, 2024.	775,676	827,376
Canada Mortgage and Housing Corporation loan, interest at 1.31%, payable in monthly installments of \$2,810 (P&I), due December 1, 2021.	479,839	507,117
Canada Mortgage and Housing Corporation loan, interest at 1.35%, payable in monthly installments of \$4,983 (P&I), due May 1, 2022.	868,252	916,032
Canada Mortgage and Housing Corporation loan, interest at 0.96%, payable in monthly installments of \$4,596 (P&I), due March 1, 2026.	953,864	1,000,310
Canada Mortgage and Housing Corporation loan, interest at 1.3%, payable in monthly installments of \$7,322 (P&I), due April 1, 2026.	1,552,914	1,621,620
Canada Mortgage and Housing Corporation loan, interest at 1.91%, payable in monthly installments of \$5,669 (P&I), due June 1, 2024.	1,048,181	1,095,819
Canada Mortgage and Housing Corporation loan, interest at 0.80%, payable in monthly installments of \$2,162 (P&I), due May 1, 2025.	569,933	-
	<u>\$ 43,455,440</u>	<u>\$ 43,078,317</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**8. 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.

The loans payable to Bank of Montreal are secured by a general security agreement, an unlimited guarantee from Chus-Chug-U Gaming Trust and Grand Rapids First Nation Development Trust, a general security agreement from each guarantor, clearing and blocked account agreements, irrevocable direction to transfer VLT distributions to the blocked account, irrevocable direction to Manitoba Hydro that the Bank of Montreal has a security interest in distributions, commitment to distribute an amount of not less than \$10,000,000 from a possible future land claim agreement to the Bank of Montreal, band council resolutions, assignment of property and perils insurance and such other documents as requested by the Bank of Montreal from time to time.

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

March 31, 2022	\$ 34,845,571
2023	669,475
2024	680,929
2025	692,593
2026	704,471
Thereafter	5,862,399

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Closing Balance	Total 2021	Total 2020
Automotive	\$ 1,265,024	\$ 273,904	\$ 119,500	\$ 1,419,428	\$ 918,517	\$ 140,761	\$ 119,500	\$ 939,778	\$ 479,650	\$ 346,507
Buildings	11,476,240	233,104		11,709,344	2,625,273	787,144	5,517	3,406,900	8,302,444	8,850,967
Construction in progress	588,342	70,934		659,276					659,276	588,342
Land improvements	1,032,415	25,142		1,057,557	199,842	32,013		231,855	825,702	832,573
Housing	53,553,978	920,000		54,473,978	12,347,765	1,053,765		13,401,530	41,072,448	41,206,213
Office equipment	406,495	303,071		709,566	293,322	76,208		369,530	340,036	113,173
Roads	1,950,001			1,950,001	1,871,261	2,308		1,873,569	76,432	78,740
Water and sewer	10,981,648	-	-	10,981,648	7,046,191	400,558	-	7,446,749	3,534,899	3,935,457
	<u>\$ 81,254,143</u>	<u>\$ 1,826,155</u>	<u>\$ 119,500</u>	<u>\$ 82,960,798</u>	<u>\$ 25,302,171</u>	<u>\$ 2,492,757</u>	<u>\$ 125,017</u>	<u>\$ 27,669,911</u>	<u>\$ 55,290,887</u>	<u>\$ 55,951,972</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021**

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**10. 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 had guaranteed certain debts of Grand Rapids First Nation Development Corporation and Pinesiw Energy Limited Partnership with an aggregate guarantee in excess of \$1,198,500.

The Cree Nation has recorded a provision of NIL (2020 - \$1,109,758) in its financial statements for amounts it believed that it would ultimately become liable for.

In the year ended March 31, 2021 the Cree Nation became liable for amounts related to Pinesiw Energy Limited Partnership which resulted in the \$1,013,584 loan payable to Opaskwayak Cree Nation described in Note 8.

Hydro Claim

The Cree Nation previously filed a claim against Canada for damages related to development on its traditional territory. The claim is currently in arbitration and the Cree Nation is anticipating that it will ultimately receive a financial and land settlement.

**11. BUDGET FIGURES**

The Cree Nation has not completed a budget for the March 31, 2021 fiscal year. Accordingly budget figures are not presented in the financial statements.

**12. COMMITMENTS**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, 2021, the replacement reserve fund is underfunded by \$37,618. (2020 - underfunded by \$18,545)

**13. ECONOMIC DEPENDENCE**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2021**
**14. GOVERNMENT TRANSFERS**

	Operating	Capital	2 0 2 1	Operating	Capital	2 0 2 0
Indigenous Services Canada	\$ 11,031,509	\$ 1,103,264	\$ <b>12,134,773</b>	\$ 7,674,956	\$ 1,098,125	\$ 8,773,081
Canada Mortgage and Housing Corporation	<u>662,641</u>	<u>-</u>	<u><b>662,641</b></u>	<u>563,662</u>	<u>-</u>	<u>563,662</u>
Sub-total	11,694,150	1,103,264	<b>12,797,414</b>	8,238,618	1,098,125	9,336,743
Provincial	<u>2,649,101</u>	<u>-</u>	<u><b>2,649,101</b></u>	<u>2,047,750</u>	<u>-</u>	<u>2,047,750</u>
	<u><b>\$ 14,343,251</b></u>	<u><b>\$ 1,103,264</b></u>	<u><b>\$ 15,446,515</b></u>	<u><b>\$ 10,286,368</b></u>	<u><b>\$ 1,098,125</b></u>	<u><b>\$ 11,384,493</b></u>

**15. EXPENSES BY OBJECT**

The following is a summary of expenses by object:

	2 0 2 1	2 0 2 0
Administration fees	\$ <b>734,806</b>	\$ 397,915
Amortization	<b>2,492,757</b>	2,449,820
Bad debts	<b>43,748</b>	50,790
Committee honoraria	<b>145,938</b>	205,138
Community events, assistance and programming	<b>244,392</b>	556,288
Contract services	<b>85,414</b>	
Donations	<b>15,765</b>	214,298
Economic assistance	<b>1,765,633</b>	1,350,130
Insurance	<b>500,028</b>	408,076
Interest and bank charges	<b>1,335,632</b>	3,345,475
Meetings and workshops	<b>112,629</b>	109,544
Pandemic	<b>1,516,175</b>	
Professional fees	<b>489,630</b>	393,944
Repairs and maintenance	<b>749,442</b>	1,344,808
Salaries and benefits	<b>3,823,856</b>	3,425,999
Student support	<b>715,324</b>	784,864
Supplies	<b>378,267</b>	67,912
Travel	<b>179,051</b>	611,905
Utilities	<b>601,445</b>	474,016
Other	<u><b>947,464</b></u>	<u>827,914</u>
	<u><b>\$ 16,877,396</b></u>	<u><b>\$ 17,018,836</b></u>

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

Arrangement: #1516-MB-000115	\$ <b>12,136,213</b>
Less: Drinking water recovery	<u>( 1,440 )</u>
Total I.S.C. Revenue per Financial Statements	\$ <u><b>12,134,773</b></u>
Revenue per Statement of Operations ( <i>Statement 2</i> )	
Indigenous Services Canada	\$ <u><b>12,134,773</b></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2021**

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**17. 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 \$49,857 (2020 - \$43,309) which is payable to the Cree Nation's government business enterprises for goods and services purchased in the ordinary course of business.

**18. GOING CONCERN**

These financial statements have been prepared on the basis of a going concern which assumes that the Cree Nation will be able to realize its assets and settle its obligations in the normal course of operations. However conditions exist which may cast doubt on this assumption.

The Cree Nation has a high debt load which is substantially financed by demand loans totaling \$34,172,062. The Cree Nation also experienced a reduction in revenue at Chus-Chug-U Gaming Trust VLT site as a result of the COVID-19 pandemic.

The Cree Nation's ability to continue as a going concern is dependant upon its ability to maintain ongoing support from its creditors and generate positive cash flows from its investments and government business enterprises. If the Cree Nation is not successful in its efforts to do so the going concern assumption may no longer be appropriate. In this case adjustments to the carrying values of reported assets, net debt and accumulated surplus would be required and these amounts could be material. This occurrence could also negatively impact the Cree Nation's operations and service delivery.

**19. COMPARATIVE FIGURES FOR THE PRIOR YEAR**

To conform with the financial statement presentation adopted for the current year, certain comparative figures have been reclassified.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021

### 20. 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	
	2 0 2 1	2 0 2 0	2 0 2 1	2 0 2 0	2 0 2 1	2 0 2 0	2 0 2 1	2 0 2 0
REVENUE								
ISC	\$ 496,350	\$ 425,920	\$ 1,652,850	\$ 1,595,115	\$ 1,949,118	\$ 483,115	\$ 1,570,411	\$ 1,125,589
CMHC			662,641	563,662				
ESDC	-	-	-	-	-	-	400,634	356,573
	<u>496,350</u>	<u>425,920</u>	<u>2,315,491</u>	<u>2,158,777</u>	<u>1,949,118</u>	<u>483,115</u>	<u>1,971,045</u>	<u>1,482,162</u>
Other	<u>310,808</u>	<u>60,511</u>	<u>4,411,941</u>	<u>4,376,460</u>	<u>( 181,591)</u>	<u>( 13,504)</u>	<u>( 494,702)</u>	<u>41,465</u>
	<u>807,158</u>	<u>486,431</u>	<u>6,727,432</u>	<u>6,535,237</u>	<u>1,767,527</u>	<u>469,611</u>	<u>1,476,343</u>	<u>1,523,627</u>
EXPENDITURES								
Amortization			2,120,652	2,148,274	47,480	46,231		
Debt servicing			1,333,058	3,343,340	70	34		
Other	498,810	468,801	1,997,493	2,292,105	1,723,150	754,788	1,063,806	1,045,230
Salaries and benefits	<u>416,234</u>	<u>440,599</u>	<u>409,528</u>	<u>349,563</u>	<u>414,949</u>	<u>261,981</u>	<u>345,402</u>	<u>294,434</u>
	<u>915,044</u>	<u>909,400</u>	<u>5,860,731</u>	<u>8,133,282</u>	<u>2,185,649</u>	<u>1,063,034</u>	<u>1,409,208</u>	<u>1,339,664</u>
SURPLUS (DEFICIT)	<u>\$ ( 107,886)</u>	<u>\$ ( 422,969)</u>	<u>\$ 866,701</u>	<u>\$ ( 1,598,045)</u>	<u>\$ ( 418,122)</u>	<u>\$ ( 593,423)</u>	<u>\$ 67,135</u>	<u>\$ 183,963</u>

	Social Services		Health		TOTAL	
	2 0 2 1	2 0 2 0	2 0 2 1	2 0 2 0	2 0 2 1	2 0 2 0
REVENUE						
ISC	\$ 2,175,428	\$ 1,911,649	\$ 4,290,616	\$ 3,231,693	\$ 12,134,773	\$ 8,773,081
CMHC					662,641	563,662
ESDC	-	-	-	-	400,634	356,573
	<u>2,175,428</u>	<u>1,911,649</u>	<u>4,290,616</u>	<u>3,231,693</u>	<u>13,198,048</u>	<u>9,693,316</u>
Other	<u>30,053</u>	<u>( 125,333)</u>	<u>764,543</u>	<u>837,953</u>	<u>4,841,052</u>	<u>5,177,552</u>
	<u>2,205,481</u>	<u>1,786,316</u>	<u>5,055,159</u>	<u>4,069,646</u>	<u>18,039,100</u>	<u>14,870,868</u>
EXPENDITURES						
Amortization			324,625	255,315	2,492,757	2,449,820
Debt servicing	2,504	2,101			1,335,632	3,345,475
Other	1,939,851	1,520,160	1,997,842	1,716,458	9,220,952	7,797,540
Salaries and benefits	<u>114,304</u>	<u>142,756</u>	<u>2,127,638</u>	<u>1,936,666</u>	<u>3,828,055</u>	<u>3,425,999</u>
	<u>2,056,659</u>	<u>1,665,017</u>	<u>4,450,105</u>	<u>3,908,439</u>	<u>16,877,396</u>	<u>17,018,834</u>
SURPLUS (DEFICIT)	<u>\$ 148,822</u>	<u>\$ 121,299</u>	<u>\$ 605,054</u>	<u>\$ 161,207</u>	<u>\$ 1,161,704</u>	<u>\$ ( 2,147,968)</u>