
MISIPAWISTIK CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

MISIPAWISTIK CREE NATION

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MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members
Misipawistik Cree Nation

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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, 2022, 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, 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 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 variable interest rate demand loans. 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.

(continued.....)

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.

Baker Tilly HMA LLP
Chartered Professional Accountants

The Pas, Manitoba
May 24, 2023



Misipawistik Cree Nation

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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

MISIPAWISTIK CREE NATION

STATEMENT 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2022	2021
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FINANCIAL ASSETS

Cash and cash equivalents <i>(Note 2)</i>	\$ 7,105,793	\$ 2,819,197
Trust funds held by federal government <i>(Note 3)</i>	3,731	3,660
Accounts receivable <i>(Note 4)</i>	3,795,741	4,090,288
Long term investments <i>(Note 5)</i>	<u>4,895,492</u>	<u>6,381,445</u>
	<u>15,800,757</u>	<u>13,294,590</u>

LIABILITIES

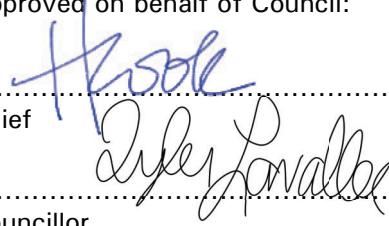
Accounts payable and accrued liabilities <i>(Note 6)</i>	\$ 1,182,766	\$ 1,089,127
Deferred revenue <i>(Note 7)</i>	4,621,932	2,231,817
Long-term debt <i>(Note 8)</i>	<u>42,502,165</u>	<u>43,455,440</u>
	<u>48,306,863</u>	<u>46,776,384</u>
Net debt	<u>(32,506,106)</u>	<u>(33,481,794)</u>

NON-FINANCIAL ASSETS

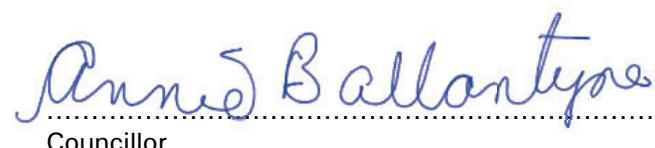
Prepaid expenses	614,852	604,153
Inventory	1,019	1,019
Tangible capital assets <i>(Note 9)</i>	<u>55,611,049</u>	<u>55,290,887</u>
	<u>56,226,920</u>	<u>55,896,059</u>
Accumulated surplus	<u>\$ 23,720,814</u>	<u>\$ 22,414,265</u>
Contingencies <i>(Note 10)</i>		

Approved on behalf of Council:

Chief


Troy Lovallie

Councillor


Anne Ballantyne

Councillor

Councillor

MISIPAWISTIK CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2 0 2 2	2 0 2 1
REVENUE		
Indigenous Services Canada	\$ 15,974,481	\$ 12,134,773
Canada Mortgage and Housing Corporation	605,283	662,641
Assembly of Manitoba Chiefs	100,000	184,047
Investment Income (Loss)	(190,464)	395,932
Manitoba Hydro	1,231,473	1,232,328
Manitoba Keewatinowi Okimakanak	497,420	714,692
Province of Manitoba	106,924	96,240
Rent	553,352	474,788
Swampy Cree Tribal Council	377,280	371,736
Tobacco Tax Rebate	285,472	370,953
Other	2,280,312	2,318,563
Deferred revenue from previous year	2,231,817	983,686
Deferred revenue to subsequent year	(4,621,932)	(2,231,817)
	19,431,418	17,708,562
EXPENDITURES		
Administration	2,132,163	915,044
Community development	6,243,077	5,530,193
Community learning	1,446,651	1,409,208
Community services	1,764,795	2,185,649
Health	4,250,324	4,450,105
Social services	2,287,859	2,056,659
	18,124,869	16,546,858
ANNUAL SURPLUS	1,306,549	1,161,704
ACCUMULATED SURPLUS, <i>beginning of year</i>	22,414,265	21,252,561
ACCUMULATED SURPLUS, <i>end of year</i>	\$ 23,720,814	\$ 22,414,265

MISIPAWISTIK CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 2 2	2 0 2 1
Annual surplus (deficit)	\$ 1,306,549	\$ 1,161,704
Acquisition of tangible capital assets	(2,949,672)	(1,831,672)
Amortization of tangible capital assets	<u>2,629,510</u>	<u>2,492,757</u>
	<u>(320,162)</u>	<u>661,085</u>
Use of inventories		2,750
Use (acquisition) of prepaid expenses and deferred charges	(10,699)	260,794
	<u>(10,699)</u>	<u>263,544</u>
CHANGE IN NET DEBT FOR YEAR	975,688	2,086,333
NET DEBT, <i>beginning of year</i>	<u>(33,481,794)</u>	<u>(35,568,127)</u>
NET DEBT, <i>end of year</i>	<u>\$ (32,506,106)</u>	<u>\$ (33,481,794)</u>

MISIPAWISTIK CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2 0 2 2 2 0 2 1

CASH FLOW FROM

OPERATING TRANSACTIONS

Cash received from Indigenous Services Canada	\$ 15,957,851	\$ 12,213,710
Cash received from Manitoba Hydro	1,231,473	1,232,328
Cash received from other sources	6,412,638	4,846,517
Cash paid to suppliers and employees	<u>(15,412,419)</u>	<u>(16,529,447)</u>
	<u>8,189,543</u>	<u>1,763,108</u>

CAPITAL TRANSACTIONS

Acquisition of tangible capital assets	<u>(2,949,672)</u>	<u>(1,831,672)</u>
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FINANCING TRANSACTIONS

Repayment of long term debt	<u>(1,155,349)</u>	<u>(1,308,583)</u>
Advances from long term debt	<u>202,074</u>	<u>1,685,706</u>
	<u>(953,275)</u>	<u>377,123</u>

CHANGE IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u>2,819,197</u>	<u>2,510,638</u>
CASH, <i>end of year (Note 2)</i>	<u>\$ 7,105,793</u>	<u>\$ 2,819,197</u>

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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
- Aseneskak Casino (1/7 interest)
- Grand Rapids First Nation Development Trust
- 10040628 Manitoba Ltd.

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, 2022****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, 2022****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:

	2 0 2 2	2 0 2 1
Externally Restricted		
Housing replacement reserve	\$ 275,933	\$ 276,113
Unrestricted		
Operating	3,793,656	374,357
Housing	443,898	456,923
Health operating and capital project	<u>2,592,306</u>	<u>1,711,804</u>
	<hr/> <u>\$ 7,105,793</u>	<hr/> <u>\$ 2,819,197</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2022****3. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

	Opening Balance	Additions	Withdrawals	2 0 2 2	2 0 2 1
Revenue	\$ 474	\$ 113	\$ -	\$ 545	\$ 474
Capital	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>	<u>3,186</u>
	<u><u>\$ 3,660</u></u>	<u><u>\$ 113</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,731</u></u>	<u><u>\$ 3,660</u></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 2	2 0 2 1
Indigenous Services Canada	\$ 168,998	\$ 152,368
Manitoba Hydro relationship agreement		1,075,000
Canada Mortgage and Housing Corporation	47,874	63,844
Capital project legal trust account	15,120	15,120
Grand Rapids First Nation Development Corporation	1,227,242	1,195,383
10040628 Manitoba Ltd.	369,368	
Rent	4,846,619	4,411,703
Tobacco Tax	68,799	46,130
Payroll advances	57,500	57,500
Other	<u>2,237,571</u>	<u>1,947,599</u>
	<u>9,039,091</u>	<u>8,964,647</u>
Allowance for doubtful accounts	(5,243,350)	(4,874,359)
	<u><u>\$ 3,795,741</u></u>	<u><u>\$ 4,090,288</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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 2	2 0 2 1
Cash	\$ 920,633	\$ 230,365	\$ 11,183	\$ 1,162,181	\$ 994,197
Accounts Receivable	209,275	44,491	51,064	304,830	643,028
Inventory	399,685	9,292		408,977	327,813
Capital Assets	2,882,938	713,159		3,596,097	3,236,017
Other Assets	228,102	223,445	4,133,091	4,584,638	4,654,552
TOTAL ASSETS	\$ 4,640,633	\$ 1,220,752	\$ 4,195,338	\$ 10,056,723	\$ 9,855,607
Accounts Payable	\$ 1,538,872	\$ 404,359	\$ 7,604	\$ 1,950,835	\$ 1,014,307
Long Term Debt	379,497	310,763		690,260	292,909
Other Liabilities	2,058,805	461,331	-	2,520,136	2,166,941
TOTAL LIABILITIES	3,977,174	1,176,453	7,604	5,161,231	3,474,157
EQUITY	663,459	44,299	4,187,734	4,895,492	6,381,445
TOTAL LIABILITIES AND EQUITY	\$ 4,640,633	\$ 1,220,752	\$ 4,195,338	\$ 10,056,723	\$ 9,855,602
REVENUE	\$ 13,258,153	\$ 1,355,637	\$ 259,296	\$ 14,873,086	\$ 11,936,094
EXPENDITURES	(14,357,849)	(870,317)	(30,591)	(15,258,757)	(11,829,516)
OTHER ITEMS	15,029	(721,165)	-	(706,136)	(485,842)
NET INCOME (LOSS)	\$ (1,084,667)	\$ (235,845)	\$ 228,705	\$ (1,091,807)	\$ (379,264)

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, 2022 is \$4,032,345 (2021 - \$4,411,518).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 2	2 0 2 1
Indigenous Services Canada - Medical Transportation	\$ 112,583	\$
Trade payables, accruals and other	<u>1,070,183</u>	<u>1,089,127</u>
	<u>\$ 1,182,766</u>	<u>\$ 1,089,127</u>

7. DEFERRED REVENUE

	2 0 2 2	2 0 2 1
Indigenous Services Canada		
- Brighter Futures	\$ 96,764	\$ 83,282
- Building Health Communities	50,918	47,975
- Capacity Development - Housing	8,125	
- CFS capacity building	492,835	
- Community Health Nurse	385,860	
- Community wellbeing initiative	70,305	86,389
- Construction of new homes	503,053	104,485
- COVID-19 EMAP	312,589	156,386
- COVID-19 response		112,394
- COVID-19 Education Safe Restart		17,408
- Election code development	30,000	
- Emergency Response	98,513	45,000
- Financial management	48,000	
- Firesmart		14,563
- First Nation land management		94,149
- Home care	310,181	
- Jordan's Principle	271,334	249,285
- NADAP	11,314	14,689
- Medical Transportation		49,937
- Post Secondary Student Support	231,246	127,448
- Provincial and private school second level services	472,663	259,669
- Provincial and private school student support	324,562	180,250
- Roads and Bridges		28,186
- Supporting the Trajectory of our Spirit	29,753	
- Waterplant Upgrade	116,545	50,000
AMC - Headstart	49,986	44,701
AMC - Daycare	20,488	18,074
MKO Daycare		8,033
Other	<u>686,898</u>	<u>439,514</u>
	<u>\$ 4,621,932</u>	<u>\$ 2,231,817</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
8. LONG TERM DEBT

	2 0 2 2	2 0 2 1
Bank of Montreal, interest at prime + 2.50% payable in monthly blended principal and interest payments, due on demand.	\$ 18,761,088	\$ 18,888,016
Bank of Montreal, interest at prime + 2.50% payable in annual blended principal and interest payments, due on demand.	15,012,182	15,284,046
Opaskwayak Cree Nation, interest at 2% payable in monthly installments of \$16,369 (P&I) due September 1, 2026.	829,704	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
Canada Mortgage and Housing Corporation loan, interest at 1.86%, payable in monthly installments of \$3,272 (P&I), due April 1, 2024.	260,430	294,520
Canada Mortgage and Housing Corporation loan, interest at 1.13%, payable in monthly installments of \$493 (P&I), due June 1, 2026.	51,519	56,823
Canada Mortgage and Housing Corporation loan, interest at 1.88%, payable in monthly installments of \$4,718 (P&I), due February 1, 2027.	508,060	640,372
Canada Mortgage and Housing Corporation loan, interest at 2.48%, payable in monthly installments of \$3,374 (P&I), due August 1, 2023.	389,642	420,101
Canada Mortgage and Housing Corporation loan, interest at 2.5%, payable in monthly installments of \$4,720 (P&I), due June 1, 2023.	551,698	594,038
Canada Mortgage and Housing Corporation loan, interest at 1.73%, payable in monthly installments of \$5,460 (P&I), due August 1, 2024.	723,110	775,676
Canada Mortgage and Housing Corporation loan, interest at 1.57%, payable in monthly installments of \$2,864 (P&I), due December 1, 2026.	452,350	479,839

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2022****8. LONG TERM DEBT *(continued)***

	2 0 2 2	2 0 2 1
Canada Mortgage and Housing Corporation loan, interest at 1.35%, payable in monthly installments of \$4,983 (P&I), due May 1, 2022.	819,853	868,252
Canada Mortgage and Housing Corporation loan, interest at 0.96%, payable in monthly installments of \$4,596 (P&I), due March 1, 2026.	907,650	953,864
Canada Mortgage and Housing Corporation loan, interest at 1.3%, payable in monthly installments of \$7,322 (P&I), due April 1, 2026.	1,484,664	1,552,914
Canada Mortgage and Housing Corporation loan, interest at 1.91%, payable in monthly installments of \$5,669 (P&I), due June 1, 2024.	999,676	1,048,181
Canada Mortgage and Housing Corporation loan, interest at 0.80%, payable in monthly installments of \$2,162 (P&I), due May 1, 2025.	548,465	569,933
Canada Mortgage and Housing Corporation loan advance. Payment and loan terms to be determined.	<u>202,074</u>	-
	<u>\$ 42,502,165</u>	<u>\$ 43,455,440</u>

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, 2023	\$ 34,634,234
2024	670,521
2025	682,372
2026	694,445
2027	591,612
Thereafter	5,228,982

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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	Total
									2 0 2 2	2 0 2 1
Automotive	\$ 1,424,413	\$ 173,723	\$ 45,000	\$ 1,553,136	\$ 904,501	\$ 189,789	\$ 45,000	\$ 1,049,290	\$ 503,846	\$ 519,912
Buildings	7,758,670	16,500		7,775,170	2,382,642	283,927		2,666,569	5,108,601	5,376,028
Construction in progress	659,546	1,051,330		1,710,876					1,710,876	659,546
Land improvements	1,057,557	193,382		1,250,939	231,855	34,253		266,108	984,831	825,702
Housing	58,473,336	1,388,324		59,861,660	14,474,742	1,676,991		16,151,733	43,709,927	43,998,594
Office equipment	652,164	126,413		778,577	352,389	125,285		477,674	300,903	299,775
Roads	1,950,002			1,950,002	1,873,569	2,308		1,875,877	74,125	76,433
Water and sewer	10,981,646	—	—	10,981,646	7,446,749	316,957	—	7,763,706	3,217,940	3,534,897
	\$ 82,957,334	\$ 2,949,672	\$ 45,000	\$ 85,862,006	\$ 27,666,447	\$ 2,629,510	\$ 45,000	\$ 30,250,957	\$ 55,611,049	\$ 55,290,887

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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.

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, 2022 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, 2022, the replacement reserve fund is overfunded by \$199,755. (2021 - overfunded by \$37,618)

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, 2022

14. GOVERNMENT TRANSFERS

	Operating	Capital	2 0 2 2	Operating	Capital	2 0 2 1
Indigenous Services						
Canada	\$ 14,145,742	\$ 1,828,739	\$ 15,974,481	\$ 11,031,509	\$ 1,103,264	\$ 12,134,773
Canada Mortgage and Housing Corporation	605,283	-	605,283	662,641	-	662,641
Sub-total	14,751,025	1,828,739	16,579,764	11,694,150	1,103,264	12,797,414
Provincial	2,280,312	-	2,280,312	2,318,563	-	2,318,563
	<u>\$ 17,031,337</u>	<u>\$ 1,828,739</u>	<u>\$ 18,860,076</u>	<u>\$ 14,012,713</u>	<u>\$ 1,103,264</u>	<u>\$ 15,115,977</u>

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 2	2 0 2 1
Administration fees	\$ 713,158	\$ 734,806
Amortization	2,629,510	2,492,757
Bad debts	368,992	43,748
Committee honoraria	175,581	145,938
Community events, assistance and programming	425,184	244,392
Contract services		85,414
Donations	11,038	15,765
Economic assistance	1,926,454	1,765,633
Insurance	577,658	500,028
Interest and bank charges	2,069,800	1,335,632
Meetings and workshops	131,704	112,629
Member distribution	186,550	
Pandemic	788,242	1,516,175
Professional fees	463,803	489,630
Repairs and maintenance	1,557,731	749,442
Salaries and benefits	3,510,265	3,823,856
Student support	716,219	715,324
Supplies	384,006	378,267
Training	500	
Travel	328,361	179,051
Utilities	476,251	601,445
Other	683,862	616,926
	<u>\$ 18,124,869</u>	<u>\$ 16,546,858</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2022****16. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE**

	2 0 2 2	2 0 2 1
Arrangement: #1516-MB-000115	\$ 16,087,064	\$ 12,136,213
Less: Drinking water recovery		(1,440)
Medical Transportation recovery	(112,583)	
Total I.S.C. Revenue per Financial Statements	<u>\$ 15,974,481</u>	<u>12,134,773</u>
Revenue per Statement of Operations (<i>Statement 2</i>)		
Indigenous Services Canada	<u>\$ 15,974,481</u>	<u>\$ 12,134,773</u>

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 \$17,885 (2021 - \$49,857) 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 \$33,773,270. As a result of overall interest rate increases in the market environment the prime rate has increased from 2.45% as of March 2022 to 6.7% as of the date of preparation. If this 4.25% prime interest rate increase were to remain in effect for twelve months on a principal balance of \$33,773,270 it would result in increased interest expense of \$1,435,364. Future prime interest rate levels and the timeframe for changes to occur are not known with certainty.

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 sufficient positive cash flows from own source revenue to service its debt. 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 carry 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, 2022

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 2 0 2 2		Community Development 2 0 2 2		Community Services 2 0 2 2		Community Learning 2 0 2 2	
	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 1
REVENUE								
ISC	\$ 2,005,287	\$ 496,350	\$ 2,193,597	\$ 1,652,850	\$ 3,269,705	\$ 1,949,118	\$ 1,536,685	\$ 1,570,411
CMHC			605,283	662,641				
ESDC	<u>2,005,287</u>	<u>496,350</u>	<u>2,798,880</u>	<u>2,315,491</u>	<u>3,269,705</u>	<u>1,949,118</u>	<u>394,581</u>	<u>400,634</u>
Other	<u>230,038</u>	<u>310,808</u>	<u>2,777,826</u>	<u>4,081,403</u>	<u>(478,103)</u>	<u>(181,591)</u>	<u>(367,956)</u>	<u>(494,702)</u>
	<u>2,235,325</u>	<u>807,158</u>	<u>5,576,706</u>	<u>6,396,894</u>	<u>2,791,602</u>	<u>1,767,527</u>	<u>1,563,310</u>	<u>1,476,343</u>
EXPENDITURES								
Amortization			2,183,887	2,120,652	47,480	47,480		
Debt servicing	1,304,242		760,547	1,333,058	88	70		
Other	542,413	498,810	2,929,883	1,666,955	1,282,654	1,723,150	1,109,086	1,063,806
Salaries and benefits	<u>285,508</u>	<u>416,234</u>	<u>368,760</u>	<u>409,528</u>	<u>434,573</u>	<u>414,949</u>	<u>337,565</u>	<u>345,402</u>
	<u>2,132,163</u>	<u>915,044</u>	<u>6,243,077</u>	<u>5,530,193</u>	<u>1,764,795</u>	<u>2,185,649</u>	<u>1,446,651</u>	<u>1,409,208</u>
SURPLUS (DEFICIT)	\$ 103,162	\$(107,886)	\$(666,371)	\$ 866,701	\$ 1,026,807	\$(418,122)	\$ 116,659	\$ 67,135

	Social Services 2 0 2 2		Health 2 0 2 2		TOTAL 2 0 2 2		2 0 2 1	
	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 1	2 0 2 2	2 0 2 2	2 0 2 1	2 0 2 1
REVENUE								
ISC	\$ 2,737,640	\$ 2,175,428	\$ 4,231,567	\$ 4,290,616	\$ 15,974,481	\$ 12,134,773		
CMHC					605,283	662,641		
ESDC	<u>2,737,640</u>	<u>2,175,428</u>	<u>4,231,567</u>	<u>4,290,616</u>	<u>16,974,345</u>	<u>13,198,048</u>		
Other	<u>-</u>	<u>30,053</u>	<u>295,268</u>	<u>764,543</u>	<u>2,457,073</u>	<u>4,510,514</u>		
	<u>2,737,640</u>	<u>2,205,481</u>	<u>4,526,835</u>	<u>5,055,159</u>	<u>19,431,418</u>	<u>17,708,562</u>		
EXPENDITURES								
Amortization			398,143	324,625	2,629,510	2,492,757		
Debt servicing	4,922	2,504			2,069,799	1,335,632		
Other	2,079,231	1,939,851	1,954,378	1,997,842	9,897,645	8,890,414		
Salaries and benefits	<u>203,706</u>	<u>114,304</u>	<u>1,897,803</u>	<u>2,127,638</u>	<u>3,527,915</u>	<u>3,828,055</u>		
	<u>2,287,859</u>	<u>2,056,659</u>	<u>4,250,324</u>	<u>4,450,105</u>	<u>18,124,869</u>	<u>16,546,858</u>		
SURPLUS (DEFICIT)	\$ 449,781	\$ 148,822	\$ 276,511	\$ 605,054	\$ 1,306,549	\$ 1,161,704		