
MISIPAWISTIK CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

MISIPAWISTIK CREE NATION

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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, 2023, 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, 2023, 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 19 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 19, these events or conditions, along with other matters as set forth in Note 19, 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:

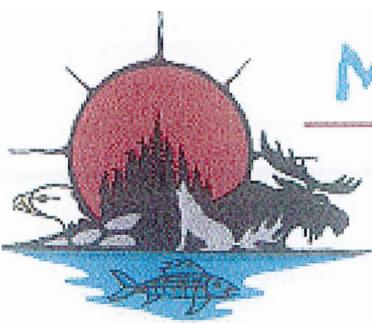
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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
November 30, 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

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 24,806,571	\$ 7,105,793
Trust funds held by federal government <i>(Note 4)</i>	3,846	3,731
Accounts receivable <i>(Note 5)</i>	4,093,741	3,795,741
Long term investments <i>(Note 6)</i>	<u>5,071,298</u>	<u>4,895,492</u>
	<u>33,975,456</u>	<u>15,800,757</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$ 3,969,655	\$ 1,182,766
Deferred revenue <i>(Note 8)</i>	19,923,762	4,621,932
Long-term debt <i>(Note 9)</i>	<u>42,276,638</u>	<u>42,502,165</u>
	<u>66,170,055</u>	<u>48,306,863</u>
Net debt	<u>(32,194,599)</u>	<u>(32,506,106)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	748,613	614,852
Inventory	1,019	1,019
Tangible capital assets <i>(Note 10)</i>	<u>61,530,583</u>	<u>55,611,049</u>
	<u>62,280,215</u>	<u>56,226,920</u>
Accumulated surplus	<u>\$ 30,085,616</u>	<u>\$ 23,720,814</u>
Contingencies <i>(Note 11)</i>		

Approved on behalf of Council:

Chief


Councillor


Councillor

Councillor

MISIPAWISTIK CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	2 0 2 3	2 0 2 2
REVENUE		
Indigenous Services Canada	\$ 34,438,992	\$ 15,822,281
Canada Mortgage and Housing Corporation	655,026	605,283
Assembly of Manitoba Chiefs	566,223	281,802
Canadian Environmental Assessment	168,680	
Investment Income	1,446,230	(190,464)
Manitoba Hydro	1,213,376	1,231,473
Manitoba Keewatinowi Okimakanak	507,891	497,420
Province of Manitoba	89,049	106,924
Rent	475,499	553,352
Samuel Centre Social Connectedness	173,000	130,000
Swampy Cree Tribal Council	342,474	377,280
Tobacco Tax Rebate	288,568	285,472
Western Economic Diversification Canada	560,000	
Other	2,830,663	2,120,710
Deferred Revenue from Previous Year	4,621,932	2,231,817
Deferred Revenue to Subsequent Year	(19,923,762)	(4,621,932)
Eliminations	<u>(1,839,873)</u>	<u>(862,015)</u>
	<u>26,613,968</u>	<u>18,569,403</u>
EXPENDITURES		
Administration	1,025,948	2,132,163
Community Development	9,670,666	6,243,077
Community Learning	1,734,178	1,446,651
Community Services	2,096,710	1,764,795
Health	5,129,446	4,250,324
Social Services	2,432,091	2,287,859
Eliminations	<u>(1,839,873)</u>	<u>(862,015)</u>
	<u>20,249,166</u>	<u>17,262,854</u>
ANNUAL SURPLUS	6,364,802	1,306,549
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>23,720,814</u>	<u>22,414,265</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 30,085,616</u>	<u>\$ 23,720,814</u>

MISIPAWISTIK CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 2 3	2 0 2 2
Annual surplus (deficit)	\$ <u>6,364,802</u>	\$ <u>1,306,549</u>
Acquisition of tangible capital assets	(<u>8,413,877</u>)	(<u>2,949,672</u>)
Amortization of tangible capital assets	<u>2,494,343</u>	<u>2,629,510</u>
	(<u>5,919,534</u>)	(<u>320,162</u>)
Use (acquisition) of prepaid expenses and deferred charges	(<u>133,761</u>)	(<u>10,699</u>)
CHANGE IN NET DEBT FOR YEAR	311,507	975,688
NET DEBT, <i>beginning of year</i>	(<u>32,506,106</u>)	(<u>33,481,794</u>)
NET DEBT, <i>end of year</i>	<u>\$ (32,194,599)</u>	<u>\$ (32,506,106)</u>

MISIPAWISTIK CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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.
- Misipawistik Cree Nation Lands Division

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
- 100040628 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, 2023****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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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

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.

ASSET RETIREMENT OBLIGATION

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at management's best estimate at the present fair value of the estimated future cash flows required to settle the retirement obligation. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

FINANCIAL INSTRUMENTS

Measurement

The Cree Nation measures all of its financial assets and financial liabilities at cost or amortized cost, except for the following, which are measured at fair value without any adjustment for transaction costs: derivatives, marketable securities in equity instruments that are quoted in an active market and marketable securities that the Nation has elected to measure at fair value. The effective interest rate method is used to determine interest revenue or expenses for financial instruments measured at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and federal trust funds. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

No financial assets are measured at fair value.

Transaction costs

Transaction costs attributable to financial instruments measured at fair value are recognized in the Statement of Operations in the period incurred. Transaction costs for financial instruments measured at cost or amortized cost are recognized in the original cost of the instrument.

Impairment

At the end of each reporting period, management assesses financial assets or groups of financial assets for evidence of objective impairment. An impairment loss is recognized in the Statement of Operations when there is a loss in value that is other than temporary. Future recoveries of impaired financial assets are recognized in the Statement of Operations when received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2023****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)******USE OF ESTIMATES***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Capitalization of labour costs is based on an estimate of the proportionate share of direct labour and overhead labour.

Asset retirement obligations are estimated based on the present value of the required cost at retirement of specific assets.

2. CHANGE IN ACCOUNTING POLICY***ASSET RETIREMENT OBLIGATIONS***

On April 1, 2022, the Cree Nation adopted the PSAS Section (PS 3280) "Asset Retirement Obligations". The new standard includes the requirement for the recognition, measurement, presentation and disclosure of asset retirement obligations and is effective for year beginning on or after April 1, 2022. There was no significant impact on these consolidated financial statements as a result of the adoption of this standard as no legal or constructive obligations were identified.

FINANCIAL INSTRUMENTS

On April 1, 2022 the Cree Nation adopted the PSAS Section (PS3450) "Financial Instruments". The new standard establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. There was no significant impact on these consolidated financial statements as a result of the adoption of these standards.

As part of the adoption of PSAS 3450, on April 1, 2022, the Cree Nation was also required to adopt PSAS Section (PS 3041) "Portfolio Investments" which has removed the distinction between temporary and portfolio investments, PSAS Section (PS 2601) "Foreign Currency Translation" which requires unrealized gains and losses to be presented on the statement of re-measurement gains and losses and PSAS Section (PS 1201) "Financial Statement Presentation" which requires a new statement of re-measurement gains and losses separate from the statement of operations. The adoption of these standards/amendments had no significant impact on the First Nation's consolidated financial statements and there are no remeasurement gains and losses, so no statement has been presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

3. 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 3	2 0 2 2
Externally Restricted		
Housing replacement reserve	\$ 275,753	\$ 275,933
Unrestricted		
Operating	19,859,254	3,793,656
Housing	966,977	443,898
Health operating and capital project	<u>3,704,587</u>	<u>2,592,308</u>
	<u>\$ 24,806,571</u>	<u>\$ 7,105,793</u>

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	Opening Balance	Additions	Withdrawals	2 0 2 3	2 0 2 2
Revenue	\$ 545	\$ 115	\$ -	\$ 660	\$ 545
Capital	<u>3,186</u>	<u>-</u>	<u>-</u>	<u>3,186</u>	<u>3,186</u>
	<u>\$ 3,731</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 3,846</u>	<u>\$ 3,731</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 2 3	2 0 2 2
Indigenous Services Canada	\$ 143,998	\$ 168,998
Canada Mortgage and Housing Corporation	54,810	47,874
Capital project legal trust account	13,407	15,120
Grand Rapids First Nation Development Corporation	1,261,070	1,227,242
10040628 Manitoba Ltd.	422,845	369,368
Rent	5,068,553	4,846,619
Tobacco Tax	68,799	68,799
Payroll advances	64,883	57,500
Other	<u>1,669,320</u>	<u>2,237,571</u>
	<u>8,767,685</u>	<u>9,039,091</u>
Allowance for doubtful accounts	<u>(4,673,944)</u>	<u>(5,243,350)</u>
	<u>\$ 4,093,741</u>	<u>\$ 3,795,741</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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 2 3	2 0 2 2
Cash	\$ 358,678	\$ 298,335	\$ 2,506	\$ 659,519	\$ 1,048,577
Accounts Receivable	330,116	44,370	40,465	414,951	304,830
Inventory	428,810	9,816		438,626	408,977
Capital Assets	2,753,694	611,896		3,365,590	3,596,097
Other Assets	<u>16,548</u>	<u>223,476</u>	<u>4,135,411</u>	<u>4,375,435</u>	<u>4,584,638</u>
TOTAL ASSETS	\$ 3,887,846	\$ 1,187,893	\$ 4,178,382	\$ 9,254,121	\$ 9,943,119
Accounts Payable	\$ 976,751	\$ 359,031	\$ 6,597	\$ 1,342,379	\$ 1,837,231
Long Term Debt		268,393		268,393	690,260
Other Liabilities	<u>1,991,813</u>	<u>580,238</u>	<u>-</u>	<u>2,572,051</u>	<u>2,520,136</u>
TOTAL LIABILITIES	<u>2,968,564</u>	<u>1,207,662</u>	<u>6,597</u>	<u>4,182,823</u>	<u>5,047,627</u>
EQUITY	919,282	(19,769)	4,171,785	5,071,298	4,895,492
TOTAL LIABILITIES AND EQUITY	\$ 3,887,846	\$ 1,187,893	\$ 4,178,382	\$ 9,254,121	\$ 9,943,119
REVENUE	\$ 16,439,790	\$ 2,505,237	\$ 83,402	\$ 19,028,429	\$ 14,873,086
EXPENDITURES	(16,613,466)	(1,201,067)	(26,419)	(17,840,952)	(15,258,757)
OTHER ITEMS	<u>268,309</u>	<u>(1,272,963)</u>	<u>-</u>	<u>(1,004,654)</u>	<u>(706,136)</u>
NET INCOME (LOSS)	\$ 94,633	\$ 31,207	\$ 56,983	\$ 182,823	\$ (1,091,807)

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, 2023 is \$3,847,271 (2022 - \$4,032,345).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 3	2 0 2 2
Indigenous Services Canada - Medical Transportation	\$ 143,998	\$ 112,583
Capital project	2,163,034	
Correctional Service Canada	115,112	
E.T. development	316,000	
Trade payables, accruals and other	<u>1,231,511</u>	<u>1,070,183</u>
	<u>\$ 3,969,655</u>	<u>\$ 1,182,766</u>

8. DEFERRED REVENUE

	2 0 2 3	2 0 2 2
Indigenous Services Canada		
- Basic needs	\$ 250,030	\$
- Brighter Futures	54,805	96,764
- Building Health Communities	84,047	50,918
- Capacity Development - Housing		8,125
- CFS capacity building	600,278	492,835
- Commercial Development	5,471	
- Community Health Nurse	95,918	385,860
- Community Health Representative	18,801	
- Community wellbeing initiative	1,385,809	70,305
- Comprehensive Community Planning	60,000	
- Construction of new homes		503,053
- COVID-19 EMAP		312,589
- Cultural Spaces	7,551,104	
- Diabetes Program	16,419	
- Election code development	17,564	30,000
- Emergency Response	96,045	98,513
- Financial management	60,173	48,000
- FN Representative Service	324,008	
- Governance Capacity	16,262	
- Home care	491,625	310,181
- Jordan's Principle	522,779	271,334
- Maternal Child Health	375,100	
- NADAP	61,985	11,314
- Post Secondary Student Support	298,301	231,246
- Prenatal Program	4,008	
- Provincial and private school second level services	707,259	472,663
- Provincial and private school student support	653,604	324,562
- Service delivery	278,897	
- Supporting the Trajectory of our Spirit	46,064	29,753
- Waterplant Upgrade	4,783,055	116,545
AMC - Headstart	167,896	49,986
AMC - Daycare	96,045	20,488
Other	<u>800,410</u>	<u>686,898</u>
	<u>\$ 19,923,762</u>	<u>\$ 4,621,932</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

9. LONG TERM DEBT

	2 0 2 3	2 0 2 2
Bank of Montreal, interest at prime + 2.50% payable in monthly blended principal and interest payments, due on demand.	\$ 18,477,623	\$ 18,761,088
Bank of Montreal, interest at prime + 2.50% payable in annual blended principal and interest payments, due on demand.	14,727,841	15,012,182
Opaskwayak Cree Nation, interest at 2% payable in monthly installments of \$16,369 (P&I) due September 1, 2026.	648,207	829,704
Canada Mortgage and Housing Corporation loan, interest at 1.86%, payable in monthly installments of \$3,272 (P&I), due April 1, 2024.	225,702	260,430
Canada Mortgage and Housing Corporation loan, interest at 1.13%, payable in monthly installments of \$493 (P&I), due June 1, 2026.	46,154	51,519
Canada Mortgage and Housing Corporation loan, interest at 1.88%, payable in monthly installments of \$4,718 (P&I), due February 1, 2027.	460,553	508,060
Canada Mortgage and Housing Corporation loan, interest at 2.48%, payable in monthly installments of \$3,374 (P&I), due August 1, 2023.	358,423	389,642
Canada Mortgage and Housing Corporation loan, interest at 2.5%, payable in monthly installments of \$4,720 (P&I), due June 1, 2023.	508,294	551,698
Canada Mortgage and Housing Corporation loan, interest at 1.73%, payable in monthly installments of \$5,460 (P&I), due August 1, 2024.	669,631	723,110
Canada Mortgage and Housing Corporation loan, interest at 1.57%, payable in monthly installments of \$2,864 (P&I), due December 1, 2026.	424,869	452,350
Canada Mortgage and Housing Corporation loan, interest at 1.35%, payable in monthly installments of \$4,983 (P&I), due May 1, 2022.	775,665	819,853
Canada Mortgage and Housing Corporation loan, interest at 0.96%, payable in monthly installments of \$4,596 (P&I), due March 1, 2026.	860,991	907,650
Canada Mortgage and Housing Corporation loan, interest at 1.3%, payable in monthly installments of \$7,322 (P&I), due April 1, 2026.	1,415,643	1,484,664

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
9. LONG TERM DEBT *(continued)*
2 0 2 3
2 0 2 2

Canada Mortgage and Housing Corporation loan, interest at 1.91%, payable in monthly installments of \$5,669 (P&I), due June 1, 2024.	950,240	999,676
Canada Mortgage and Housing Corporation loan, interest at 0.80%, payable in monthly installments of \$2,162 (P&I), due May 1, 2025.	526,827	548,465
Canada Mortgage and Housing Corporation loan, interest at 3.09%, payable in monthly installments of \$3,863 (P&I), due February 1, 2028.	803,140	
Canada Mortgage and Housing Corporation loan, interest at 3.24%, payable in monthly installments of \$1,934 (P&I), due January 1, 2028.	396,835	
Canada Mortgage and Housing Corporation loan advance. Payment and loan terms to be determined.	-	202,074
	<u>\$ 42,276,638</u>	<u>\$ 42,502,165</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, 2024	\$ 33,908,309
2025	715,726
2026	728,862
2027	627,120
2028	555,361
Thereafter	5,741,260

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

10. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2023	Total 2022
Automotive	\$ 1,553,136	\$ 417,477	\$ 1,970,613	\$ 1,049,290	\$ 169,607	\$ 1,218,897	\$ 751,716	\$ 503,846
Buildings	7,775,170	860,000	8,635,170	2,666,569	287,642	2,954,211	5,680,959	5,108,601
Construction in progress	1,710,876	5,290,438	7,001,314				7,001,314	1,710,876
Land improvements	1,250,939	552,195	1,803,134	266,108	48,291	314,399	1,488,735	984,831
Housing	59,861,660	1,229,927	61,091,587	16,151,733	1,618,967	17,770,700	43,320,887	43,709,927
Office equipment	778,577	63,840	842,417	477,674	114,156	591,830	250,587	300,903
Roads	1,950,002		1,950,002	1,875,877	2,308	1,878,185	71,817	74,125
Water and sewer	10,981,646	-	10,981,646	7,763,706	253,372	8,017,078	2,964,568	3,217,940
	<u>\$85,862,006</u>	<u>\$ 8,413,877</u>	<u>\$94,275,883</u>	<u>\$30,250,957</u>	<u>\$ 2,494,343</u>	<u>\$32,745,300</u>	<u>\$61,530,583</u>	<u>\$55,611,049</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

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.

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.

12. BUDGET FIGURES

The Cree Nation has not completed a budget for the March 31, 2023 fiscal year. Accordingly budget figures are not presented in the financial statements.

13. 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, 2023, the replacement reserve fund is overfunded by \$275,753. (2022 - overfunded by \$199,755)

14. 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, 2023

15. GOVERNMENT TRANSFERS

	Operating	Capital	2 0 2 3	Operating	Capital	2 0 2 2
Indigenous Services						
Canada	\$ 15,715,409	\$ 18,723,583	\$ 34,438,992	\$ 13,993,542	\$ 1,828,739	\$ 15,822,281
Canada Mortgage and Housing Corporation	<u>655,026</u>	<u>-</u>	<u>655,026</u>	<u>605,283</u>	<u>-</u>	<u>605,283</u>
Sub-total	<u>16,370,435</u>	<u>18,723,583</u>	<u>35,094,018</u>	<u>14,598,825</u>	<u>1,828,739</u>	<u>16,427,564</u>
Provincial	<u>2,830,663</u>	<u>-</u>	<u>2,830,663</u>	<u>2,120,710</u>	<u>-</u>	<u>2,120,710</u>
	<u><u>\$ 19,201,098</u></u>	<u><u>\$ 18,723,583</u></u>	<u><u>\$ 37,924,681</u></u>	<u><u>\$ 16,719,535</u></u>	<u><u>\$ 1,828,739</u></u>	<u><u>\$ 18,548,274</u></u>

16. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 2 3	2 0 2 2
Administration fees	\$ 965,971	\$ 767,565
Amortization	2,494,343	2,629,510
Bad debts	560,095	368,992
Committee honoraria	178,309	175,581
Community events, assistance and programming	2,017,676	570,084
Donations	57,239	44,342
Economic assistance	2,389,594	1,926,454
Family support	838,547	
Insurance	628,440	577,658
Interest and bank charges	1,889,400	2,071,538
Meetings and workshops	270,781	143,857
Member distribution		186,550
Other	495,017	531,233
Pandemic	377,368	788,242
Professional fees	710,946	463,803
Repairs and maintenance	1,417,467	1,493,858
Salaries and benefits	4,277,624	3,510,265
Student support	820,780	686,219
Supplies	424,633	384,006
Training	10,754	500
Travel	674,997	328,361
Utilities	589,058	476,251
Eliminations	(1,839,873)	(862,015)
	<u>\$ 20,249,166</u>	<u>\$ 17,262,854</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2023****17. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE**

	2 0 2 3	2 0 2 2
Arrangement: #1516-MB-000115	\$ 34,488,397	\$ 15,934,864
Less: Medical Transportation recovery	(49,405)	(112,583)
Total I.S.C. Revenue per Financial Statements	<u>\$ 34,438,992</u>	<u>15,822,281</u>
Revenue per Statement of Operations (<i>Statement 2</i>) Indigenous Services Canada	<u>\$ 34,438,992</u>	<u>\$ 15,822,281</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 \$60,157 (2022 - \$17,885) which is payable to the Cree Nation's government business enterprises for goods and services purchased in the ordinary course of business.

19. 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 \$33,205,464. 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 7.2% as of the date of preparation. If this 4.75% prime interest rate increase were to remain in effect for twelve months on a principal balance of \$33,205,464 it would result in increased interest expense of \$1,577,260. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2023

20. FINANCIAL INSTRUMENTS

Management of risks arising from financial instruments

The Cree Nation's activities expose it to risks related to its financial instruments. Management, under the oversight of Chief and Council, is primarily responsible for identifying, evaluating and mitigating financial risks.

The risks associated with the Cree Nation's financial instruments are as follows:

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. The Cree Nation is exposed to liquidity risk with respect to the financial liabilities recognized in the statement of financial position.

There is material liquidity risk associated with the Cree Nation's demand loans which total \$33,205,464.

The Cree Nation manages liquidity risk by maintaining on-going support from the lender through communication and by ensuring timely and regular provision of principal and interest payments.

The Cree Nation does not have sufficient liquid assets to repay the lender in full if a demand for repayment were made.

Credit risk

Credit risk is the risk that a loss may occur from the failure of another party to perform according to the terms of a contract. The ability of such counterparties to meet contractual obligations is subject to changing economic, political, and other conditions.

The Cree Nation's cash balances and funds held in trust are maintained with reputable financial institutions for which the Cree Nation believes the risk of loss is remote. There are material concentrations of credit risk with membership, funders and others within the Cree Nation's accounts receivable balance and an allowance for doubtful accounts has been recorded to reflect amounts for which the Cree Nation believes that collection is doubtful.

The maximum exposure to credit risk is represented by the carrying value of financial assets in the balance sheet.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk, and equity price risk.

Foreign currency risk

Foreign currency risk refers to the changes in cash flows or fair values because of fluctuations in the value of various foreign currencies. The Cree Nation operates domestically and does not engage in significant transactions denominated in foreign currencies or hold foreign investments and as a result foreign currency risk is not significant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**MARCH 31, 2023****20. FINANCIAL INSTRUMENTS *(continued)*****Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Cree Nation's primary exposure to cash flow related interest rate risk exists on its variable rate demand loans which as of March 31, 2023 totalled \$33,205,464. If this principal balance held constant, a 1% increase in interest rate would result in a \$332,055 increase to interest expense for the year.

The Cree Nation is also exposed to fair value related interest rate risk on the fixed income investments within Grand Rapids First Nation Development Trust. As of March 31, 2023, based on the weighted average duration of these investments, a 1% increase in interest rate would result in approximately a \$401,120 decline in the fair value of the investments.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price of equity instruments. The Cree Nation's investments are held in various private enterprises which are not publicly traded.

21. 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, 2023

22. 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 3	2 0 2 2	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
REVENUE								
ISC	\$ 548,242	\$ 2,005,287	\$ 14,480,173	\$ 2,041,397	\$ 9,637,733	\$ 3,269,705	\$ 1,934,722	\$ 1,536,685
CMHC	18,587		636,439	605,283				
ESDC	<u>566,829</u>	<u>2,005,287</u>	<u>15,116,612</u>	<u>2,646,680</u>	<u>9,637,733</u>	<u>3,269,705</u>	<u>362,716</u>	<u>394,581</u>
Other	<u>543,181</u>	<u>230,038</u>	<u>(2,263,728)</u>	<u>2,930,026</u>	<u>(4,857,905)</u>	<u>(478,103)</u>	<u>(582,477)</u>	<u>(367,956)</u>
	<u>1,110,010</u>	<u>2,235,325</u>	<u>12,852,884</u>	<u>5,576,706</u>	<u>4,779,828</u>	<u>2,791,602</u>	<u>1,714,961</u>	<u>1,563,310</u>
EXPENDITURES								
Amortization			2,081,914	2,183,887	47,480	47,480		
Debt servicing	8,722	1,304,242	1,869,871	760,547	191	88		
Other	666,924	542,413	5,175,719	2,929,883	1,404,181	1,282,654	1,344,042	1,109,086
Salaries and benefits	<u>350,302</u>	<u>285,508</u>	<u>543,162</u>	<u>368,760</u>	<u>644,858</u>	<u>434,573</u>	<u>390,136</u>	<u>337,565</u>
	<u>1,025,948</u>	<u>2,132,163</u>	<u>9,670,666</u>	<u>6,243,077</u>	<u>2,096,710</u>	<u>1,764,795</u>	<u>1,734,178</u>	<u>1,446,651</u>
SURPLUS (DEFICIT)	\$ 84,062	\$ 103,162	\$ 3,182,218	\$ (666,371)	\$ 2,683,118	\$ 1,026,807	\$ (19,217)	\$ 116,659

	Social Services		Health		Eliminations		TOTAL	
	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2	2 0 2 3	2 0 2 2
REVENUE								
ISC	\$ 3,013,542	\$ 2,737,640	\$ 4,824,579	\$ 4,231,567	\$	\$	\$ 34,438,992	\$ 15,822,281
CMHC							655,026	605,283
ESDC	<u>3,013,542</u>	<u>2,737,640</u>	<u>4,824,579</u>	<u>4,231,567</u>	<u>-</u>	<u>-</u>	<u>362,717</u>	<u>394,581</u>
Other	<u>(526,527)</u>	<u>-</u>	<u>684,562</u>	<u>295,268</u>	<u>(1,839,873)</u>	<u>(862,015)</u>	<u>(8,842,766)</u>	<u>1,747,258</u>
	<u>2,487,015</u>	<u>2,737,640</u>	<u>5,509,141</u>	<u>4,526,835</u>	<u>(1,839,873)</u>	<u>(862,015)</u>	<u>26,613,968</u>	<u>18,569,403</u>
EXPENDITURES								
Amortization			364,949	398,143			2,494,344	2,629,510
Debt servicing	8,769	4,922					1,887,554	2,069,799
Other	2,184,271	2,079,231	2,665,753	1,954,378	<u>(1,839,873)</u>	<u>(862,015)</u>	11,601,018	9,035,630
Salaries and benefits	<u>239,051</u>	<u>203,706</u>	<u>2,098,744</u>	<u>1,897,803</u>	<u>-</u>	<u>-</u>	<u>4,266,254</u>	<u>3,527,915</u>
	<u>2,432,091</u>	<u>2,287,859</u>	<u>5,129,446</u>	<u>4,250,324</u>	<u>(1,839,873)</u>	<u>(862,015)</u>	<u>20,249,166</u>	<u>17,262,854</u>
SURPLUS (DEFICIT)	\$ 54,924	\$ 449,781	\$ 379,695	\$ 276,511	\$ -	\$ -	\$ 6,364,802	\$ 1,306,549