
MOSAKAHIKEN CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

MOSAKAHIKEN CREE NATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

MANAGEMENT'S RESPONSIBILITY FOR REPORTING INDEPENDENT AUDITORS' REPORT

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	

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Mosakahiken Cree Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

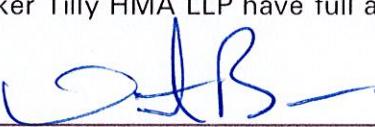
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimation and judgments. When alternative accounting methods exist, management has chosen 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.

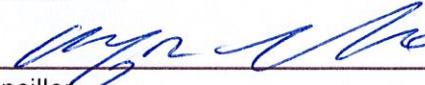
The Cree Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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.

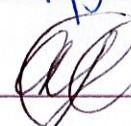
The consolidated financial statements have been audited by Baker Tilly HMA LLP in accordance with Canadian public sector accounting standards on behalf of the members. Baker Tilly HMA LLP have full and free access to Management and Chief and Council.


Chief


Councillor


Councillor


Councillor


Councillor

INDEPENDENT AUDITORS' REPORT

To the Members
Mosakahiken 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

Disclaimer of Opinion

We have audited the accompanying consolidated financial statements of Mosakahiken Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes 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.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements

Basis for Disclaimer of Opinion

During the year the Cree Nation demonstrated significant weaknesses in internal controls, as a result we were not able to gain satisfactory audit evidence in the following areas:

Cash

We have been unable to satisfy ourselves with the accuracy and completeness of cash due to the cash accounts not being properly maintained and reconciled in the general ledger. As a result, we were not able to assess whether potentially material adjustments were required to cash, revenue and related expenditures.

Accounts Receivable

We have been unable to satisfy ourselves with the completeness, and existence of accounts receivable due to the receivables not being properly maintained in the receivable sub-ledger. As a result, we were not able to assess whether potentially material adjustments were required to accounts receivable, amounts due from band members and related revenues.

Inventory

We were unable to observe the physical count of inventory as at March 31, 2019 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening and closing inventories enter into the determination of the results of operations and cash flows, we were unable to determine whether potentially material adjustments to inventory and related accounts payable, expenses, annual surplus (deficit) and cash provided by the operating activities might be necessary.

Long-term Investments

We have been unable to satisfy ourselves with the accuracy and completeness of long-term investments due to our verification being limited to the amounts recorded in the First Nation records. As a result, we were not able to determine whether any adjustments to assets, accumulated surplus and revenue were required, nor we were able to determine that amounts recorded in the First Nation records were accurate and complete.

(continued.....)

Tangible Capital Assets

We have been unable to satisfy ourselves with the completeness, existence, and valuation of tangible capital assets as well as the accuracy of the amounts recorded in the accumulated amortization. There is a lack of documentation to support the additions and disposals during the year, specifically on the community buildings and infrastructure. As a result, we were not able to assess whether potentially material adjustments were required to tangible capital assets, accumulated amortization, and expenses.

Accounts Payable and Accrued Liabilities

We have been unable to satisfy ourselves with the existence and completeness of the recorded payables, due to invoices not being entered or retained, and the sub-ledgers not being properly maintained. As a result, we were not able to assess whether potentially material adjustments were required to accounts payable, accrued liabilities and expenses.

Contingencies and Commitments

We have been unable to satisfy ourselves with the completeness of contingencies for or against the First Nation. We have not been able to make the necessary enquiries nor were we able to obtain or review applicable documents. As a result, we were not able to assess whether potentially material adjustments were required to record the accruals and disclosures of contingencies and commitments.

Payroll

We have been unable to satisfy ourselves with the completeness, occurrence and accuracy of payroll expenses, and completeness of vacation and source deduction payables, due to lack of documentation related to payroll records. As a result, we were not able to assess whether potentially material adjustments were required for accrued payroll and source deductions and payroll expenditures.

Revenue

We have been unable to satisfy ourselves with the classification, completeness and occurrence of revenue due to incomplete supporting documentation. As a result, we were not able to assess whether potentially material adjustments were required to revenue.

Expenditures

We have been unable to satisfy ourselves with the classification, completeness and occurrence of expenditures due to incomplete supporting documentation. As a result, we were not able to assess whether potentially material adjustments were required to expenditures.

Capital Projects

We were unable to obtain complete information about the financial activity on the community's capital projects nor were we able to obtain sufficient supporting documentation related to the information that we did obtain. As a result, we were not able to assess whether potentially material adjustments were required to construction in progress, accounts payable or expenditures.

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

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

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

(continued.....)

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mosakahiken 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 Mosakahiken 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 Mosakahiken 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

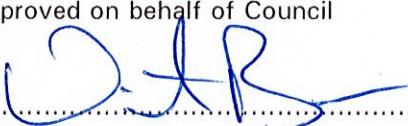
The Pas, Manitoba
April 26, 2021

MOSAKAHIKEN CREE NATION

STATEMENT 1

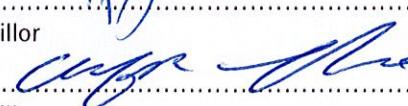
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2 0 1 9	2 0 1 8
FINANCIAL ASSETS		
Cash	\$ 114,888	\$ 285,856
Restricted cash <i>(Note 2)</i>	73,010	80,088
Accounts receivable <i>(Note 3)</i>	251,947	344,045
Long term investments <i>(Note 4)</i>	<u>5,247,568</u>	<u>5,383,771</u>
	<u><u>\$ 5,687,413</u></u>	<u><u>\$ 6,093,760</u></u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5)</i>	\$ 4,273,269	\$ 4,183,935
Repayable advances - CMHC <i>(Note 6)</i>	611,013	
Deferred revenue <i>(Note 9)</i>	495,345	204,782
Long term debt <i>(Note 7)</i>	<u>7,329,171</u>	<u>7,753,339</u>
	<u><u>12,708,798</u></u>	<u><u>12,142,056</u></u>
NET DEBT	<u><u>(7,021,385)</u></u>	<u><u>(6,048,296)</u></u>
NON-FINANCIAL ASSETS		
Inventory	11,853	11,853
Tangible capital assets <i>(Note 8)</i>	48,795,716	51,570,746
Construction in progress <i>(Note 6)</i>	<u>604,926</u>	-
	<u><u>49,412,495</u></u>	<u><u>51,582,599</u></u>
ACCUMULATED SURPLUS	<u><u>\$ 42,391,110</u></u>	<u><u>\$ 45,534,303</u></u>
CONTINGENCIES <i>(Note 10)</i>		
Approved on behalf of Council		
Chief 		
Councillor 		
Councillor 		



Councillor



Councillor

MOSAKAHIKEN CREE NATION

STATEMENT 2

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2 0 1 9	2 0 1 8
REVENUE		
Indigenous Services Canada	\$ 6,744,790	\$ 8,310,761
First Nations and Inuit Health Branch	1,416,970	1,215,893
Canada Mortgage and Housing Corporation	361,318	303,974
Manitoba Hydro	358,600	1,191,843
Manitoba Keewatinowi Okimakanak	526,133	599,881
Rental Income	286,114	280,090
Swampy Cree Tribal Council	101,697	122,393
Solicitor General	28,813	52,205
Tobacco Tax Rebate	302,240	251,697
Other income	1,225,961	2,145,134
Deferred from previous year	204,782	343,393
Deferred to the following year	(495,345)	(204,782)
Funding Recoveries	(226,180)	(2,424,071)
	<u>10,835,893</u>	<u>12,188,411</u>
EXPENDITURES		
Administration	1,195,764	1,035,778
Community Development	5,414,561	6,540,603
Community Services	949,636	797,561
Community Learning	1,170,067	1,151,905
Social Services	3,730,055	3,892,171
Community Wellness	1,519,003	1,172,701
	<u>13,979,086</u>	<u>14,590,719</u>
ANNUAL DEFICIT	<u>(3,143,193)</u>	<u>(2,402,308)</u>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<u>45,534,303</u>	<u>47,936,611</u>
ACCUMULATED SURPLUS, <i>end of year</i>	<u>\$ 42,391,110</u>	<u>\$ 45,534,303</u>

MOSAKAHIKEN CREE NATION

STATEMENT 3

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 1 9	2 0 1 8
Annual deficit	<u><u>\$ (3,143,193)</u></u>	<u><u>\$ (2,402,308)</u></u>
Acquisition of tangible capital assets	(212,597)	(9,616,662)
Loss on disposal of capital assets	117,646	
Amortization of tangible capital assets	2,869,981	2,698,867
(Acquisition) Use of construction in progress - net	<u><u>(604,926)</u></u>	<u><u>6,987,629</u></u>
	<u><u>2,170,104</u></u>	<u><u>69,834</u></u>
CHANGE IN NET DEBT FOR YEAR	(973,089)	(2,332,474)
NET DEBT, <i>beginning of year</i>	<u><u>(6,048,296)</u></u>	<u><u>(3,715,822)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$ (7,021,385)</u></u>	<u><u>\$ (6,048,296)</u></u>

MOSAKAHIKEN CREE NATION

STATEMENT 4

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2019

2018

CASH FLOW FROM

OPERATING ACTIVITIES

Cash received from funding agencies and other sources	\$ 11,444,734	\$ 14,439,714
Cash paid to suppliers	(8,109,280)	(9,747,460)
Cash paid to employees	(2,556,998)	(2,419,957)
Interest paid	(170,143)	(178,146)
Distributions to the community	<u>155,681</u>	<u>128,997</u>
	<u>452,632</u>	<u>1,965,154</u>

CAPITAL TRANSACTIONS

Acquisition of tangible capital assets	(212,597)	(2,629,033)
Acquisition of construction in progress	<u>604,926</u>	<u>-</u>
	<u>(817,523)</u>	<u>(2,629,033)</u>

FINANCING ACTIVITIES

Repayment of long term debt	(424,168)	(308,501)
Proceeds of long term debt	<u>611,013</u>	<u>969,025</u>
	<u>186,845</u>	<u>660,524</u>

NET CHANGE IN CASH DURING YEAR

CASH, <i>beginning of year</i>	<u>365,944</u>	<u>369,299</u>
CASH, <i>end of year</i>	<u>\$ 187,898</u>	<u>\$ 365,944</u>

CASH COMPRISED OF

Cash	\$ 114,888	\$ 285,856
Restricted cash	<u>73,010</u>	<u>80,088</u>
	<u>\$ 187,898</u>	<u>\$ 365,944</u>

MOSAKAHIKEN CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2019

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.

REPORTING ENTITY

The Mosakahiken Cree Nation reporting entity includes the Mosakahiken 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:

- Mosakahiken Cree Nation Housing Authority
- Mosakahiken Cree Nation Health Authority
- Mosakahiken Cree Nation Employment and Training
- Flora Martin Memorial Daycare
- Mosakahiken Development Trust
- Moose Lake Indian Band Development Trust
- Mosakahiken Cree Nation VLT Program

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:

- Mosakahiken Cree Nation Economic Development Corporation
- Aseneskak Casino (1/6 interest)
- 4915110 Manitoba Limited
- Ininew Project Management
- MCN Business Centre LP
- MCN C-Store & Fuel LP
- MCN Cafe LP

MOSAKAHIKEN CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 2

MARCH 31, 2019

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

CASH AND CASH EQUIVALENTS

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

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 using the following rates and methods:

Automotive	30%	declining balance method
Buildings	4 - 5%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Housing	2 - 5%	declining balance method
Roads	25 years	straight-line method
Water and Sewer	25 years	straight-line method

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.

MOSAKAHIKEN CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 3

MARCH 31, 2019

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

REVENUE RECOGNITION

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

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

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

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

MEASUREMENT UNCERTAINTY

In preparing the consolidated financial statements for the Cree Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the allowance for doubtful accounts and the remaining useful life of tangible capital assets.

FINANCIAL INSTRUMENTS

Financial instruments include cash, bank indebtedness, 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. RESTRICTED CASH

	2 0 1 9	2 0 1 8
Ottawa Trust	\$ 28,722	\$ 13,944
Pitblado Trust	1,213	10,560
Peace Hills Trust - capital projects	39,641	
Replacement reserve	<u>43,075</u>	<u>15,943</u>
	<hr/> <u>\$ 73,010</u>	<hr/> <u>\$ 80,088</u>

MOSAKAHIKEN CREE NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 4

MARCH 31, 2019

3. ACCOUNTS RECEIVABLE

	2 0 1 9	2 0 1 8
Indigenous Services Canada	\$ 108,004	\$ 211,975
Canada Mortgage and Housing Corporation	33,457	29,634
Manitoba Keewatinowi Okimakanak	72,013	28,426
Manitoba Finance - taxation	38,473	74,010
Other	<u>2,871,797</u>	<u>2,872,727</u>
	3,123,744	3,216,772
Allowance for doubtful accounts	<u>(2,871,797)</u>	<u>(2,872,727)</u>
	<u>\$ 251,947</u>	<u>\$ 344,045</u>

4. LONG TERM INVESTMENTS

	2 0 1 9	2 0 1 8
Aseneskak Casino	\$ 727,975	\$ 866,533
Ininew Project Management	208,104	208,629
MCN Economic Development Corporation	(1,425)	(1,425)
4915110 Manitoba Limited	(292,115)	(247,901)
Moose Lake Indian Band Development Trust	4,535,224	4,471,158
MCN C-Store & Fuel LP	(227,513)	(17,444)
MCN Cafe LP	(125,639)	(26,144)
MCN Business Centre LP	<u>422,957</u>	<u>130,365</u>
	<u>\$ 5,247,568</u>	<u>\$ 5,383,771</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 9	2 0 1 8
Trade payables	\$ 1,265,888	\$ 1,201,824
Frontier School Division arrears settlement	361,671	361,671
Manitoba Hydro	24,667	24,667
First Nations and Inuit Health Branch	107,219	89,928
Indigenous Services Canada	<u>2,513,824</u>	<u>2,505,845</u>
	<u>\$ 4,273,269</u>	<u>\$ 4,183,935</u>

6. CONSTRUCTION IN PROGRESS

During the year, the Cree Nation Housing Authority was involved in the construction of a Section 95 Housing Project. The total cost of \$604,926 incurred as at March 31, 2019, is deferred until the subsequent year, when the project will be completed.

As at March 31, 2019 Canada Mortgage and Housing Corporation advanced \$611,013 of the total mortgage proceeds of \$2,419,703 towards the construction of this project.

MOSAKAHIKEN CREE NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 5

MARCH 31, 2019

7. LONG TERM DEBT

	2 0 1 9	2 0 1 8
C.M.H.C. mortgage payable, interest at 1.46%, due March, 2022, repayable in monthly installments of \$4,505	\$ 391,929	\$ 439,900
C.M.H.C. mortgage payable, interest at 1.19%, due November, 2020, repayable in monthly installments of \$3,044	507,210	534,507
C.M.H.C. mortgage payable, interest at 1.97%, due December, 2022, repayable in monthly installments of \$4,987	705,338	750,852
C.M.H.C. mortgage payable, interest at 2.21%, due February, 2024, repayable in monthly installments of \$6,148	915,022	967,481
C.M.H.C. mortgage payable, interest at 2.11%, due May, 2019, repayable in monthly installments of \$4,247	639,595	676,696
C.M.H.C. mortgage payable, interest at 1.21%, due May, 2021, repayable in monthly installments of \$3,055	715,761	740,570
Peace Hills Trust Mortgage payable, 3.75%, due December, 2019, repayable in monthly installments of \$4,484	39,524	90,985
Peace Hills Trust Loan payable, interest at 4.25%, due November, 2025, repayable in monthly installments of \$1,916	135,505	152,348
Peace Hills Trust Loan payable, including compounded monthly interest at 5.00% repayable in monthly installments of \$24,700.	<u>3,279,287</u>	<u>3,400,000</u>
	<u>\$ 7,329,171</u>	<u>\$ 7,753,339</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.

Loans payable to Peace Hills Trust are secured by Band Council Resolutions assigning investment income from Moose Lake Indian Band Development Trust, Tobacco tax rebates and redirecting all ISC funding to Peace Hills Trust.

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

March 31, 2020	\$ 503,386
2021	475,916
2022	488,441
2023	501,455
2024	449,982
Thereafter	<u>4,909,991</u>
	<u>\$ 7,329,171</u>

MOSAKAHIKEN CREE NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 6

MARCH 31, 2019

8. 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 1 9	2 0 1 8
Automotive	\$ 1,935,223	\$ 207,491	\$ (465,807)	\$ 1,676,907	\$ 1,529,888	\$ 117,430	\$ (348,161)	\$ 1,299,157	\$ 377,750	\$ 405,335
Buildings	42,966,198			42,966,198	11,175,041	1,591,975		12,767,016	30,199,182	31,791,157
Equipment	218,984	3,326		222,310	48,479	36,413		84,892	137,418	170,505
Furniture and fixtures	142,637	1,780		144,417	111,750	6,107		117,857	26,560	30,887
Housing	13,334,616			13,334,616	5,428,935	445,920		5,874,855	7,459,761	7,905,681
Roads	565,475			565,475	175,859	29,330		205,189	360,286	389,616
Water and sewer	16,070,140	-	-	16,070,140	5,192,575	642,806	-	5,835,381	10,234,759	10,877,565
	<u>\$ 75,233,273</u>	<u>\$ 212,597</u>	<u>\$ (465,807)</u>	<u>\$ 74,980,063</u>	<u>\$ 23,662,527</u>	<u>\$ 2,869,981</u>	<u>\$ (348,161)</u>	<u>\$ 26,184,347</u>	<u>\$ 48,795,716</u>	<u>\$ 51,570,746</u>

MOSAKAHIKEN CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 7

MARCH 31, 2019

9. DEFERRED REVENUE

	2 0 1 9	2 0 1 8
Indigenous Services Canada		
Community well being initiative	\$ 143,752	\$
Manitoba Housing Cap Enhancement	10,802	
Skills Link	49,868	
Social Services - Basic Needs	282,785	
Social Services - Special Needs	8,138	
Unexpected capital funding	-	204,782
	<u>\$ 495,345</u>	<u>\$ 204,782</u>

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.

In a previous fiscal year Indigenous Services Canada (ISC) identified recoverable amounts totaling \$470,277 from March 31, 2001 and earlier. The Cree Nation contends that repayment should not be necessary. Subject to negotiations with ISC, the Cree Nation may be liable to repay all or a portion of this amount.

11. ECONOMIC DEPENDENCE

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

12. COMPARATIVE FIGURES

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

MOSAKAHIKEN CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 8

MARCH 31, 2019

13. 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.

14. SUBSEQUENT EVENT

COVID-19

During our audit of the fiscal year under examination, and before the date of our report, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies around the world resulting in economic downturn. This outbreak may also cause staff shortages, increased government regulations or interventions, all of which may negatively impact the financial condition and/or results of operations of the Cree Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and the severity of these developments.

15. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2 0 1 9	2 0 1 8
Amortization	\$ 2,869,981	\$ 2,698,867
Contributions to community	155,681	128,997
Debt retirement	415,631	
Insurance	368,389	204,861
Interest and bank charges	170,143	178,146
Other	848,309	944,352
Professional fees	437,701	583,796
Repairs and maintenance	1,043,896	950,469
Salaries and benefits	2,556,998	2,419,957
Social assistance	3,730,055	3,892,171
Student support	281,585	402,755
Supplies	160,633	59,294
Transfer to vendor		1,364,000
Travel	832,768	647,998
Utilities	<u>107,316</u>	<u>115,056</u>
	<u><u>\$ 13,979,086</u></u>	<u><u>\$ 14,590,719</u></u>

MOSAKAHIKEN CREE NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PAGE 9

MARCH 31, 2019

16. SEGMENT DISCLOSURE

Mosakahiken 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 1 9	2 0 1 8	2 0 1 9	2 0 1 8	2 0 1 9	2 0 1 8	2 0 1 9	2 0 1 8
REVENUE								
ISC	\$ 710,638	\$ 532,642	\$ 350,546	\$ 2,545,226	\$ 947,611	\$ 833,790	\$ 547,421	\$ 510,883
Solicitor General					28,813	52,205		
CMHC	<u>710,638</u>	<u>532,642</u>	<u>711,864</u>	<u>2,849,200</u>	<u>976,424</u>	<u>885,995</u>	<u>547,421</u>	<u>510,883</u>
Other	<u>108,640</u>	<u>8,101</u>	<u>2,108,188</u>	<u>1,652,530</u>	<u>14,337</u>	<u>3,000</u>	<u>521,324</u>	<u>599,202</u>
	<u>819,278</u>	<u>540,743</u>	<u>2,820,052</u>	<u>4,501,730</u>	<u>990,761</u>	<u>888,995</u>	<u>1,068,745</u>	<u>1,110,085</u>
EXPENDITURES								
Amortization			2,826,936	2,633,874				
Debt servicing	84,915		76,142	91,068			2,275	75,157
Salaries and benefits	430,646	420,403	582,275	519,878	335,867	355,435	394,920	331,984
Other	<u>680,203</u>	<u>615,375</u>	<u>1,929,208</u>	<u>3,295,783</u>	<u>613,769</u>	<u>442,126</u>	<u>772,872</u>	<u>744,764</u>
	<u>1,195,764</u>	<u>1,035,778</u>	<u>5,414,561</u>	<u>6,540,603</u>	<u>949,636</u>	<u>797,561</u>	<u>1,170,067</u>	<u>1,151,905</u>
SURPLUS (DEFICIT)	<u>\$(376,486)</u>	<u>\$(495,035)</u>	<u>\$(2,594,509)</u>	<u>\$(2,038,873)</u>	<u>\$ 41,125</u>	<u>\$ 91,434</u>	<u>\$(101,322)</u>	<u>\$(41,820)</u>

	Social Services		Community Wellness		TOTAL	
	2 0 1 9	2 0 1 8	2 0 1 9	2 0 1 8	2 0 1 9	2 0 1 8
REVENUE						
ISC	\$ 3,980,109	\$ 3,874,220	\$ 208,465	\$ 14,000	\$ 6,744,790	\$ 8,310,761
FNIHB			1,416,970	1,215,893	1,416,970	1,215,893
Solicitor General					28,813	52,205
CMHC	<u>3,980,109</u>	<u>3,874,220</u>	<u>1,625,435</u>	<u>1,229,893</u>	<u>8,551,891</u>	<u>9,882,833</u>
Other	<u>(290,923)</u>	<u>-</u>	<u>(177,564)</u>	<u>42,745</u>	<u>2,284,002</u>	<u>2,305,578</u>
	<u>3,689,186</u>	<u>3,874,220</u>	<u>1,447,871</u>	<u>1,272,638</u>	<u>10,835,893</u>	<u>12,188,411</u>
EXPENDITURES						
Amortization			43,045	64,993	2,869,981	2,698,867
Debt servicing	4,378	7,407	2,433	4,514	170,143	178,146
Salaries and benefits	135,512	63,880	677,778	728,377	2,556,998	2,419,957
Other	<u>3,590,165</u>	<u>3,820,884</u>	<u>795,747</u>	<u>374,817</u>	<u>8,381,964</u>	<u>9,293,749</u>
	<u>3,730,055</u>	<u>3,892,171</u>	<u>1,519,003</u>	<u>1,172,701</u>	<u>13,979,086</u>	<u>14,590,719</u>
SURPLUS (DEFICIT)	<u>\$(40,869)</u>	<u>\$(17,951)</u>	<u>\$(71,132)</u>	<u>\$ 99,937</u>	<u>\$(3,143,192)</u>	<u>\$(2,402,308)</u>