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MOSAKAHIKEN CREE NATION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020

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# MOSAKAHIKEN CREE NATION

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MARCH 31, 2020

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Mosakahiken Cree Nation are the responsibility of management and have been approved by Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

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 financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Mosakahiken Cree Nation and meet when required.

Chief



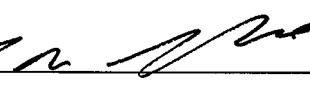
Councillor



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

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**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, 2020, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows, 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, 2020 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 and Deferred Revenue**

We have been unable to satisfy ourselves with the classification, completeness and occurrence of revenue and deferred 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.

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 29, 2022

# MOSAKAHIKEN CREE NATION

STATEMENT 1

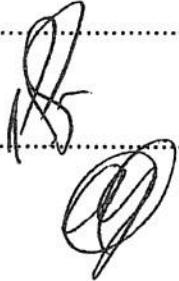
## STATEMENT OF FINANCIAL POSITION

MARCH 31

	2 0 2 0	2 0 1 9
<b>FINANCIAL ASSETS</b>		
Cash	\$ 167,165	\$ 114,888
Restricted cash <i>(Note 2)</i>	37,796	73,010
Accounts receivable <i>(Note 3)</i>	466,453	251,947
Long term investments <i>(Note 4)</i>	<u>5,806,911</u>	<u>5,247,568</u>
	<u>6,478,325</u>	<u>5,687,413</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 5)</i>	4,381,367	4,273,269
Repayable advances - CMHC <i>(Note 6)</i>	936,107	611,013
Deferred revenue <i>(Note 9)</i>	1,235,581	495,345
Long term debt <i>(Note 7)</i>	<u>6,925,966</u>	<u>7,329,171</u>
	<u>13,479,021</u>	<u>12,708,798</u>
NET DEBT	<u>( 7,000,696)</u>	<u>( 7,021,385)</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventory	11,853	11,853
Tangible capital assets <i>(Note 8)</i>	46,380,682	48,795,716
Construction in progress <i>(Note 6)</i>	<u>930,020</u>	<u>604,926</u>
	<u>47,322,555</u>	<u>49,412,495</u>
ACCUMULATED SURPLUS	<u>\$ 40,321,859</u>	<u>\$ 42,391,110</u>

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Chief



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Councillor

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Councillor

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Councillor

# MOSAKAHIKEN CREE NATION

STATEMENT 2

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED MARCH 31

	2 0 2 0	2 0 1 9
<b>REVENUE</b>		
Indigenous Services Canada	\$ 7,528,192	\$ 6,744,790
First Nations and Inuit Health Branch	1,334,577	1,416,970
Canada Mortgage and Housing Corporation	320,600	361,318
Manitoba Hydro	180,551	358,600
Manitoba Keewatinowi Okimakanak	255,620	526,133
Rental Income	298,962	286,114
Tobacco Tax Rebate	237,660	302,240
Other income	1,641,667	1,356,471
Deferred from previous year	495,346	204,782
Deferred to the following year	( 1,235,581)	( 495,345)
Funding Recoveries	<u>( 37,715)</u>	<u>( 226,180)</u>
	<b><u>11,019,879</u></b>	<b><u>10,835,893</u></b>
<b>EXPENDITURES</b>		
Administration	1,265,863	1,195,764
Social Services	4,033,262	3,730,055
Community Wellness	1,553,465	1,170,067
Community Services	731,473	1,519,003
Community Learning	514,509	949,636
Community Development	<u>4,990,558</u>	<u>5,414,561</u>
	<b><u>13,089,130</u></b>	<b><u>13,979,086</u></b>
NET LOSS FOR THE YEAR	<b>( 2,069,251)</b>	<b>( 3,143,193)</b>
ACCUMULATED SURPLUS, <i>beginning of year</i>	<b><u>42,391,110</u></b>	<b><u>45,534,303</u></b>
ACCUMULATED SURPLUS, <i>end of year</i>	<b><u>40,321,859</u></b>	<b><u>42,391,110</u></b>

# MOSAKAHIKEN CREE NATION

STATEMENT 3

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

YEAR ENDED MARCH 31

	2 0 2 0	2 0 1 9
Annual deficit	<u><u>\$ ( 2,069,251)</u></u>	<u><u>\$ ( 3,143,193)</u></u>
Acquisition of tangible capital assets	( 450,547)	( 212,597)
Loss on disposal of capital assets		117,646
Amortization of tangible capital assets	2,865,581	2,869,981
Acquisition of construction in progress - net	<u><u>( 325,094)</u></u>	<u><u>( 604,926)</u></u>
	<u><u>2,089,940</u></u>	<u><u>2,170,104</u></u>
CHANGE IN NET DEBT FOR YEAR	20,689	( 973,089)
NET DEBT, <i>beginning of year</i>	<u><u>( 7,021,385)</u></u>	<u><u>( 6,048,296)</u></u>
NET DEBT, <i>end of year</i>	<u><u>\$ ( 7,000,696)</u></u>	<u><u>\$ ( 7,021,385)</u></u>

# MOSAKAHIKEN CREE NATION

STATEMENT 4

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

2 0 2 0                    2 0 1 9

### CASH FLOW FROM

#### *OPERATING ACTIVITIES*

Cash received from funding agencies and other sources	\$ 10,986,266	\$ 11,444,734
Cash paid to suppliers	( 7,418,602)	( 8,109,280)
Cash paid to employees	( 2,329,593)	( 2,556,998)
Interest paid	( 162,602)	( 170,143)
Distributions to the community	( 204,654)	( 155,681)
	<u>870,815</u>	<u>452,632</u>

#### *CAPITAL TRANSACTIONS*

Acquisition of tangible capital assets	( 450,547)	( 212,597)
Acquisition of construction in progress	( 325,094)	( 604,926)
	<u>( 775,641)</u>	<u>( 817,523)</u>

#### *FINANCING ACTIVITIES*

Repayment of long term debt	( 403,205)	( 424,168)
Proceeds of long term debt	<u>325,094</u>	<u>611,013</u>
	<u>( 78,111)</u>	<u>186,845</u>

NET CHANGE IN CASH DURING YEAR	17,063	( 178,046)
CASH, <i>beginning of year</i>	<u>187,898</u>	<u>365,944</u>
CASH, <i>end of year</i>	<u>\$ 204,961</u>	<u>\$ 187,898</u>

### CASH COMPRISED OF

Cash	\$ 167,165	\$ 114,888
Restricted cash	<u>37,796</u>	<u>73,010</u>
	<u>\$ 204,961</u>	<u>\$ 187,898</u>

# MOSAKAHIKEN CREE NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - SEE NOTICE TO READER)

**MARCH 31, 2020**

### 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
- MCN Business Centre LP
- MCN C-Store & Fuel LP
- MCN Cafe LP

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED - SEE NOTICE TO READER)****MARCH 31, 2020****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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED - SEE NOTICE TO READER)****MARCH 31, 2020****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**

	<b>2 0 2 0</b>	<b>2 0 1 9</b>
Ottawa Trust	\$ 31,288	\$ 28,722
Pitblado Trust	1,213	1,213
Replacement reserve	<u>5,295</u>	<u>43,075</u>
	<b>\$ 37,796</b>	<b>\$ 73,010</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - SEE NOTICE TO READER)

**MARCH 31, 2020**

### 3. ACCOUNTS RECEIVABLE

	2 0 2 0	2 0 1 9
Indigenous Services Canada	\$ 176,599	\$ 108,004
Canada Mortgage and Housing Corporation	180,205	33,457
Manitoba Keewatinowin Okimakanak	72,013	72,013
Manitoba Finance - taxation	17,500	38,473
Trade receivables	<u>2,868,002</u>	<u>2,871,797</u>
	3,314,319	3,123,744
Allowance for doubtful accounts	<u>( 2,847,866)</u>	<u>( 2,871,797)</u>
	<u>\$ 466,453</u>	<u>\$ 251,947</u>

### 4. LONG TERM INVESTMENTS

	2 0 2 0	2 0 1 9
Aseneskak Casino	\$ 708,536	\$ 727,975
Ininew Project Management	207,909	208,104
MCN Economic Development Corporation	( 1,425)	( 1,425)
4915110 Manitoba Limited	( 292,437)	( 292,115)
Moose Lake Indian Band Development Trust	4,927,900	4,535,224
MCN C-Store & Fuel LP	( 142,652)	( 227,513)
MCN Cafe LP	( 132,305)	( 125,639)
MCN Business Centre LP	<u>531,385</u>	<u>422,957</u>
	<u>\$ 5,806,911</u>	<u>\$ 5,247,568</u>

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 2 0	2 0 1 9
Trade payables	\$ 1,241,518	\$ 1,265,888
Frontier School Division arrears settlement	499,839	361,671
Manitoba Hydro	33,374	24,667
First Nations and Inuit Health Branch	107,219	107,219
Indigenous Services Canada	<u>2,499,417</u>	<u>2,513,824</u>
	<u>\$ 4,381,367</u>	<u>\$ 4,273,269</u>

### 6. CONSTRUCTION IN PROGRESS AND REPAYABLE CMHC ADVANCES

During the year, the Cree Nation Housing Authority was involved in the construction of a Section 95 Housing Project. The total cost of \$930,020 incurred as at March 31, 2020, is deferred until the subsequent year, when the project will be completed.

As at March 31, 2020 Canada Mortgage and Housing Corporation advanced \$936,107 of the total mortgage proceeds of \$2,419,703 towards the construction of this project.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - SEE NOTICE TO READER)

**MARCH 31, 2020**

7. LONG TERM DEBT	2 0 2 0	2 0 1 9
C.M.H.C. mortgage payable, interest at 1.46%, due March, 2022, repayable in monthly installments of \$4,505	\$ 365,872	\$ 391,929
C.M.H.C. mortgage payable, interest at 1.19%, due November, 2020, repayable in monthly installments of \$3,044	491,817	507,210
C.M.H.C. mortgage payable, interest at 1.97%, due December, 2022, repayable in monthly installments of \$4,987	688,995	705,338
C.M.H.C. mortgage payable, interest at 2.21%, due February, 2024, repayable in monthly installments of \$6,148	897,938	915,022
C.M.H.C. mortgage payable, interest at 2.11%, due May, 2020, repayable in monthly installments of \$4,247	618,797	639,595
C.M.H.C. mortgage payable, interest at 1.21%, due May, 2021, repayable in monthly installments of \$3,055	696,806	715,761
Peace Hills Trust Mortgage payable, repaid during the year		39,524
Peace Hills Trust Loan payable, interest at 4.25%, due November, 2025, repayable in monthly installments of \$1,916	117,933	135,505
Peace Hills Trust Loan payable, including compounded monthly interest at 5.00% repayable in monthly installments of \$24,700.	<u>3,047,808</u>	<u>3,279,287</u>
	<u>\$ 6,925,966</u>	<u>\$ 7,329,171</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, 2021	\$ 413,400
2022	426,128
2023	439,359
2024	453,115
2025	467,421
Thereafter	<u>4,726,543</u>
	<u>\$ 6,925,966</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - SEE NOTICE TO READER)

MARCH 31, 2020

### 8. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals, Write-offs & Adjustments	Opening Balance	Amortization	Disposals, Write-offs & Adjustments	Total	Total
			Closing Balance			Closing Balance		
Automotive	\$ 1,676,907	\$ 448,812	\$ 2,125,719	\$ 1,299,157	\$ 180,646	\$ 1,479,803	\$ 645,916	\$ 377,750
Buildings	42,966,198		42,966,198	12,767,016	1,512,135	14,279,151	28,687,047	30,199,182
Equipment	222,310	1,735	224,045	84,892	28,953	113,845	110,200	137,418
Furniture and fixtures	144,417		144,417	117,857	5,000	122,857	21,560	26,560
Housing	13,334,616		13,334,616	5,874,854	467,831	6,342,685	6,991,931	7,459,762
Roads	565,475		565,475	205,190	28,210	233,400	332,075	360,285
Water and sewer	16,070,140	—	16,070,140	5,835,381	642,806	6,478,187	9,591,953	10,234,759
	<u>\$ 74,980,063</u>	<u>\$ 450,547</u>	<u>\$ —</u>	<u>\$ 26,184,347</u>	<u>\$ 2,865,581</u>	<u>\$ —</u>	<u>\$ 46,380,682</u>	<u>\$ 48,795,716</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****9. DEFERRED REVENUE**

	2 0 2 0	2 0 1 9
Indigenous Services Canada		
Community well being initiative	\$ 244,973	\$ 143,752
Manitoba Housing Cap Enhancement	96,313	10,802
Skills Link	177,678	49,868
Social Services - Basic Needs	142,997	282,785
Social Services - Special Needs	17,500	8,138
Awareness Raising - Asset Management	59,528	
PIDP	191,217	
Provincial/Private - 2nd Level	53,068	
Provincial/Private - Student Support	193,013	
Post Secondary Student Support	59,294	
Response (Covid 19)	<u>59,294</u>	-
	<u>\$ 1,235,581</u>	<u>\$ 495,345</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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2020****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:

	<b>2 0 2 0</b>	<b>2 0 1 9</b>
Amortization	\$ 2,865,581	\$ 2,869,981
Contributions to community	204,654	155,681
Debt retirement	237,660	415,631
Insurance	343,767	368,389
Interest and bank charges	162,602	170,142
Other	773,687	848,310
Professional fees	327,516	437,701
Repairs and maintenance	466,700	1,043,896
Salaries and benefits	2,329,593	2,556,998
Social assistance	3,856,910	3,730,055
Student support	310,176	281,585
Supplies	176,419	160,633
Travel	842,840	832,768
Utilities	191,025	107,316
	<u>\$ 13,089,130</u>	<u>\$ 13,979,086</u>

# MOSAKAHIKEN CREE NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - SEE NOTICE TO READER)

MARCH 31, 2020

### 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		Social Services		Community Learning		Community Wellness	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>REVENUE</b>								
ISC	\$ 731,706	\$ 710,638	\$ 4,081,804	\$ 3,980,109	\$ 530,331	\$ 547,421	\$ 246,139	\$ 208,465
FNIHB	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,334,577</u>	<u>1,416,970</u>
	<u>731,706</u>	<u>710,638</u>	<u>4,081,804</u>	<u>3,980,109</u>	<u>530,331</u>	<u>547,421</u>	<u>1,580,716</u>	<u>1,625,435</u>
Other	<u>79,839</u>	<u>108,640</u>	<u>( 40,525)</u>	<u>( 290,923)</u>	<u>18,588</u>	<u>521,324</u>	<u>41,348</u>	<u>( 177,564)</u>
	<u>811,545</u>	<u>819,278</u>	<u>4,041,279</u>	<u>3,689,186</u>	<u>548,919</u>	<u>1,068,745</u>	<u>1,622,064</u>	<u>1,447,871</u>
<b>EXPENDITURES</b>								
Amortization							71,178	43,045
Debt servicing	83,957	84,915		4,378	1,929	2,275	3,892	2,433
Salaries and benefits	365,106	430,646	132,480	135,512	175,021	394,920	729,409	677,778
Other	<u>816,800</u>	<u>680,203</u>	<u>3,900,782</u>	<u>3,590,165</u>	<u>337,559</u>	<u>772,872</u>	<u>748,986</u>	<u>795,747</u>
	<u>1,265,863</u>	<u>1,195,764</u>	<u>4,033,262</u>	<u>3,730,055</u>	<u>514,509</u>	<u>1,170,067</u>	<u>1,553,465</u>	<u>1,519,003</u>
<b>SURPLUS (DEFICIT)</b>	<b><u>\$ ( 454,318)</u></b>	<b><u>\$ ( 376,486)</u></b>	<b><u>\$ 8,017</u></b>	<b><u>\$ ( 40,869)</u></b>	<b><u>\$ 34,410</u></b>	<b><u>\$ ( 101,322)</u></b>	<b><u>\$ 68,599</u></b>	<b><u>\$ ( 71,132)</u></b>

	Community Services		Community Development		TOTAL	
	2020	2019	2020	2019	2020	2019
<b>REVENUE</b>						
ISC	\$ 895,010	\$ 947,611	\$ 1,043,202	\$ 350,546	\$ 7,528,192	\$ 6,744,790
FNIHB					<u>1,334,577</u>	<u>1,416,970</u>
Solicitor General		28,813				28,813
CMHC	<u>-</u>	<u>-</u>	<u>320,600</u>	<u>361,318</u>	<u>320,600</u>	<u>361,318</u>
	<u>895,010</u>	<u>976,424</u>	<u>1,363,802</u>	<u>711,864</u>	<u>9,183,369</u>	<u>8,551,891</u>
Other	<u>-</u>	<u>14,337</u>	<u>1,737,260</u>	<u>2,108,188</u>	<u>1,836,510</u>	<u>2,284,002</u>
	<u>895,010</u>	<u>990,761</u>	<u>3,101,062</u>	<u>2,820,052</u>	<u>11,019,879</u>	<u>10,835,893</u>
<b>EXPENDITURES</b>						
Amortization			2,794,403	2,826,936	2,865,581	2,869,981
Debt servicing			72,824	76,142	162,602	170,143
Salaries and benefits	339,855	335,867	587,722	582,275	2,329,593	2,556,998
Other	<u>391,618</u>	<u>613,769</u>	<u>1,535,609</u>	<u>1,929,208</u>	<u>7,731,354</u>	<u>8,381,964</u>
	<u>731,473</u>	<u>949,636</u>	<u>4,990,558</u>	<u>5,414,561</u>	<u>13,089,130</u>	<u>13,979,086</u>
<b>SURPLUS (DEFICIT)</b>	<b><u>\$ 163,537</u></b>	<b><u>\$ 41,125</u></b>	<b><u>\$ ( 1,889,496)</u></b>	<b><u>\$ ( 2,594,509)</u></b>	<b><u>\$ ( 2,069,251)</u></b>	<b><u>\$ ( 3,143,193)</u></b>